

Nation's Business

A USEFUL LOOK AHEAD

DECEMBER 1965

GOOD NEWS FOR TAXPAYERS

PAGE 50

BAD NEWS FOR UNION BOSSES

PAGE 36

What tomorrow's political issues will be **PAGE 33**

No, not another committee **PAGE 80**

Washington muddies the water crisis **PAGE 74**

If you were about to approve
spending \$8,000 on
ceilings, ventilation, and lighting—
and someone told you about
a new ceiling system that

lights better,
ventilates better,
absorbs noise better,
cuts lighting bills,
cuts air-conditioning bills,
cuts maintenance bills,

and costs \$2,000 less in the first place—
wouldn't you be interested?

What you're interested in is the new
Armstrong Luminaire Ceiling System:

Lights better? Luminaire provides up
to 200 footcandles without glare. It de-
livers 10% more light than standard
recessed fixtures. Restful light, free of
distracting shadows.

Ventilates better? Luminaire distributes
air uniformly through thousands of un-
obtrusive openings in the ceiling panels.
No drafts. No diffuser noise.

Absorbs noise better? Luminaire pro-
vides substantially more sound-absorbing
area than flat acoustical ceilings with
lights and diffusers.

Cuts lighting bills? Because Luminaire
offers greater lighting efficiency, you
achieve desired lighting levels with fewer
lamps, use less wattage.

Cuts air-conditioning bills? Fewer
lamps also mean less heat, reducing the
load on your air-conditioning equipment.

Cuts maintenance bills? The constant
flow of air through the ceiling, in effect,
prevents soiling. There are no air diffusers
to streak and smudge. Lay-in panels re-
move easily for quick access to wiring,
plumbing.

Costs less in the first place? Since Lu-
minaire eliminates all diffusers and most
air-conditioning ductwork, it often costs
25% less than you'd pay for separate
lighting, ventilating, and acoustical sys-
tems. Generally, installed costs for the
Luminaire System range from \$1.45 to
\$3.25 per sq. ft., depending on the options
you select.

Interested in more details? Write Arm-
strong, 4212 Mercantile St., Lancaster, Pa.

CEILING SYSTEMS BY
Armstrong

*A typical installation: Besides recreational centers,
the Luminaire System is at work in plants, stores, offices,
schools, restaurants, motels, and hotels from coast to coast.*





EXECUTIVE SUITE. Put a Cadillac Seventy-Five at your executive disposal and travel time becomes productive time. A Cadillac nine-passenger sedan or limousine provides you and your key men or clients roominess that invites relaxation . . . comfort and quiet that shut you off from the normal distractions of travel . . . and the dignity so important to executive discussions. A talk with your authorized Cadillac dealer will show you why so many companies consider the Seventy-Five a rewarding business investment.

Standard of the World



Cadillac



Cadillac Motor Car Division • General Motors Corporation

Nation's Business

December 1965 Vol. 53 No. 12

Published by the Chamber of Commerce of the United States
The national federation of organizations representing
4,500,000 companies and professional and business men
Washington, D.C.

7 WASHINGTON BUSINESS OUTLOOK

Fresh look at future federal spending; government ponders new kinds of doles to cities; prospect for business controls

10 How government will push equal employment

Chairman Roosevelt describes how his Equal Employment Opportunity Commission will enforce new civil rights law

14 EXECUTIVE TRENDS: Sharks roil the job waters

Big demand for managers draws sharpies into market—but you can avoid them; some advice for the business drinker

21 WASHINGTON MOOD: It's breath-catching time

Everyone in the capital enjoys the yearly period of reduced tensions and temporary sanity—except the budget-makers

25 STATE OF THE NATION: Standing up to labor

Can a political party oppose unsound practices of unions on which it's dependent for endorsement and financial support?

29 RIGHT OR WRONG: Taking too many liberties

Justice seems disconnected with guilt or innocence today; it's more a search for some dimly seen rights of accused

33 What tomorrow's political issues will be

New problems that the nation and its lawmakers will have to wrestle in 1966 and beyond already are demanding attention

36 Bad news for union bosses

Thousands of workers are writing Washington pleading for preservation of right-to-work section in Taft-Hartley Act

38 Will you pay more to support loafers?

Here's how businessmen view Administration's proposal to change unemployment compensation and hike payroll taxes

42 What's needed to keep new products coming

Conference of experts called together by Nation's Business explores challenges to the future of the U. S. patent system

44 LESSONS OF LEADERSHIP: Ability with humility

Sidney J. Weinberg discusses how he rose from \$3-a-week assistant porter to senior partner at Goldman, Sachs & Co.

48 A LOOK AHEAD: How stores will boost sales

Retailers plan new promotions for 1966; here's outlook for consumer credit; a new dollar crisis brews for this spring

50 Good news for taxpayers

Chairman Wilbur Mills, House Ways and Means Committee, writes about his new plans for enacting simpler tax statutes

58 PATTERN FOR SUCCESS: What to know about unions

Labor problems facing top executives are described in this fourth article on Harvard's Advanced Management Program

74 Washington muddies the water crisis

Federal government plans controversial new antipollution laws as states and industries improve own cleanup effort

80 No, not another committee

The contention that two heads are better than one often can result in a process of cell multiplication in bureaucratic fat

110 Some indigestible turkeys

Lots of people can't stomach all the federal programs that politicians cooked up and are now served from Washington

Nation's Business is published monthly at 1615 H St. N.W., Washington, D. C. 20006. Subscription rates: United States and possessions \$19.75 for three years; other countries \$10 a year. Printed in U.S.A. Second class postage paid at Washington, D. C., and at additional mailing offices. © 1965 by Nation's Business—the Chamber of Commerce of the United States. All rights reserved. Nation's Business is available by subscription only. Postmaster: please send form 3579 to 1615 H Street, N.W., Washington, D. C. 20006

Editorial Headquarters—1615 H Street N. W., Washington, D. C. 20006

Advertising Headquarters—711 Third Avenue, New York, N. Y. 10017

Circulation Headquarters—38 South Dearborn Street, Chicago, Ill. 60603



Editor
Jack Wooldridge

Managing Editor
Tait Trussell

Associate Editors
Kenneth W. Medley
Paul Hencke
Theodore D. Drury
Jeffrey S. O'Neill
John R. Gibson
Walter Wingo
John Costello

Contributing Columnists
Felix Morley
Peter Lisagor
Alden H. Sypher

Art Director
Ralph Patterson
Associates
Harold Baskin
Norman W. Favin
Joseph W. Swanson
Adm. Assistant
Mary W. Davis

Business Manager
William W. Owens

Advertising Director
Herman C. Sturm

Circulation Manager
John C. Loest

Production Manager
W. Lee Hammer



**The problem
in Fresno,
California:
selecting
the right
sidewalk phones
for the city's
modern
urban renewal
plans**

"When we decided to give the streets back to pedestrians," said Michael J. Carozza, Director of the Department of Public Works, "we also wanted to give them the best service.

"Our new shopping mall provides not just adequate facilities, but the very best possible—including convenient sidewalk phones. The telephone company provided a design that went handsomely with the decor of our mall

and a Bell System Communications Consultant helped plan their sites."

This new Outdoor Shelf is as modern as Fresno's new mall. How do the citizens like the phones? Well, the result of the first month's revenue got Director Carozza talking to us about adding more phones. They please both officials and citizens—and pay off in additional commission revenue for your city's treasury.

**The problem
in Portland,
Oregon:
selecting
the right
additional sites
for profitable
sidewalk
phones**



Primarily to give Portland's citizens more convenience and protection, Commissioner of Public Affairs Stanley W. Earl brought in the first 20 sidewalk phones.

That was in 1962. Now there are well over a hundred sidewalk phones.

More are on the way. Immediate acceptance by Portland's citizens proved their success. It's estimated that the calls made bring the city

close to \$1000 per month in commission revenue.

A Bell System Communications Consultant helps the Commissioner and his associates determine the most convenient and profitable new sites for sidewalk phones.

To find out about sidewalk phones for your own city, just call your Bell Telephone Business Office and ask for the services of a Communications Consultant.



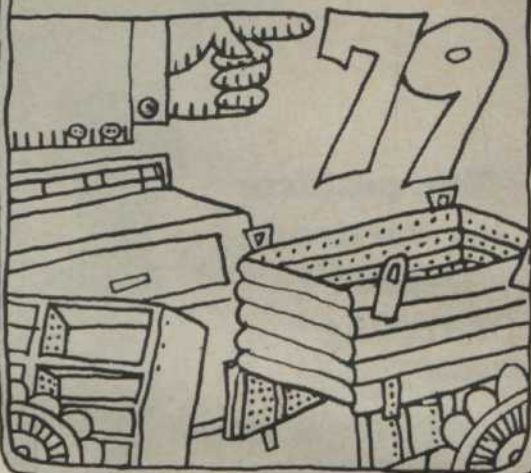
Bell System

American Telephone and Telegraph
and Associated Companies

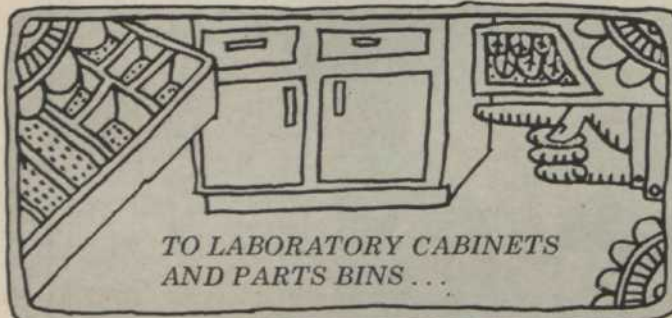
WE MAKE OUR
MAN FROM
MANUFACTURING
CARRY ALL
OUR CATALOGS.



BECAUSE WE MAKE
SEVENTY-NINE CATEGORIES
OF STEEL PRODUCTS,
COVERING EVERYTHING FROM
SHOP, OFFICE, AND MATERIAL
HANDLING EQUIPMENT ...



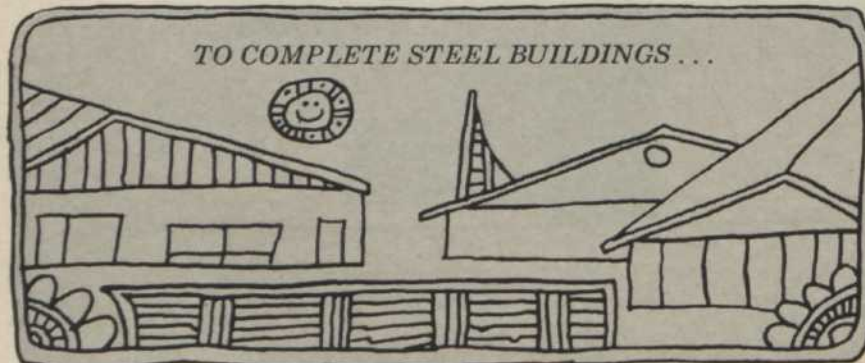
TO LABORATORY CABINETS
AND PARTS BINS ...



TO DRAINAGE AND
SUBDRAINAGE
PIPE ...



TO COMPLETE STEEL BUILDINGS ...



AND SOMETIMES
HE FORGETS.*



* If he does forget to mention something you need,
(ask for it. If it's fabricated from steel our MAN
FROM MANUFACTURING can undoubtedly supply it.)



Modern, Versatile, Economical



MANUFACTURING DIVISION

REPUBLIC STEEL CORPORATION

Youngstown, Ohio 44505



CALL THE MAN FROM
MANUFACTURING!

WASHINGTON BUSINESS OUTLOOK

Administration's legislative goals next year will be aimed point-blank at your city hall.

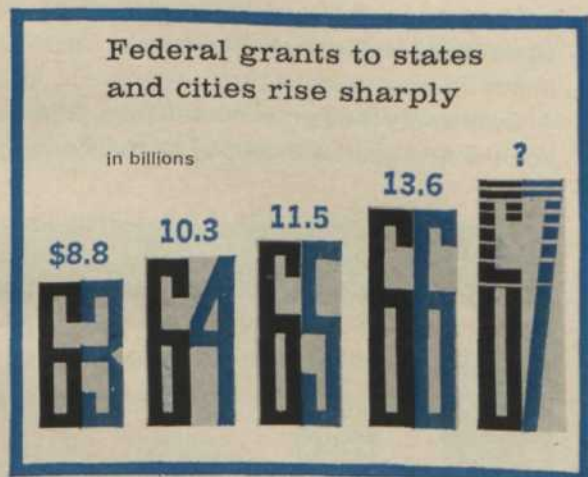
Final t's are being crossed, i's being dotted, as government planners—between now and New Year's Day—finish up spending programs President will spell out in messages and budget proposals in January.

Meanwhile, major trend is clear as Washington dumps dollars on local and state governments at ever faster pace.

For perspective, these kinds of federal hand-outs amounted to less than \$3.8 billion 10 years ago.

Total now's running well above \$13.6 billion. It's double the level as recently as 1959.

Almost every federal department or agency is involved in one way or another in problems cities normally handle themselves—sewer construction, urban planning, land-use redevelopment, airports, parks, schools, juvenile delinquency, etc.



Brand-new idea is kicking around for program of federal doles.

This one—block grants direct to cities—would bypass state governments.

These funds could go for whatever public

purpose the cities feel suits their needs, unlike traditional grants-in-aid, which require matching funds from localities and are used for programs spelled out in detail by Washington.

New idea is similar to the Heller plan for block grants to states. (Walter Heller is ex-chairman of President's Council of Economic Advisers.) Heller plan got a cool reception from the White House, met AFL-CIO opposition.

Block grants to cities rather than states, however, have a better chance of acceptance by Administration.

Vice President Humphrey has been telling mayors that the property tax, main source of funds for local government operations, is bad. It's a deterrent to home ownership, he claims.

At the same time, Vice President says cities face all sorts of problems.

He mentions proposals are still under examination in Washington to give untied grants to states or localities. Some mayors might favor block grants to states, provided funds were disbursed to cities according to current allocation formulas governing distribution of state funds.

"There may be great merit in that," the Vice President says.

Present heavy flow of tax money from Washington to local and state governments, with matching funds usually required, pressures your city, county, township or state to do what politicians in Washington think should be done.

Ahead: More of the same.

Washington's also taking bigger and bigger hand in running your business, making subtle and not-so-subtle attempts to influence your decisions.

It grows less subtle all the time.

Suppose soaring costs force you to raise some of your prices.

If your industry affects enough of the na-

tional economy, you can be sure Washington will do something to try to get you to change your decision.

Moral suasion is the subtle tool.

Coercion is the not-so-subtle tool.

You saw this applied when aluminum companies, plagued by mounting costs, announced price increase.

Special White House meeting was called to consider whether to dump half a year's supply of aluminum on the market from government's strategic stockpile.

Coincidence? White House said it was. Others call it coercion.

Another example of government influence on business decisions is in the new farm law. It's a new twist on old controls. Now farmers get direct payments not to plant.

Threat grows of further government restrictions on business investment abroad.

Officials continue to deny that government will abandon voluntary reductions and force you to cut your foreign investments.

But flow of dollars abroad continues to be a major problem despite recent improvement.

If there's not marked improvement in the balance of foreign payments next year, Congress may be asked to pass legislation, even though business leaders point out that solution takes more time.

Watch out for a proposal in the spring.

Price tag on federal activities rises amid fiscal confusion.

Administration asked Congress in 1965 for more than \$121.8 billion. Congress approved approximately \$119.3 billion.

That appears to be reduction of \$2.5 billion.

If you look only that far, you might conclude Congress cut the budget.

But Administration's sure to ask for supplemental appropriations. These will be lumped

on this year's figures. More requests will go to Capitol Hill during winter and spring.

So final spending outcome will be far above what Congress claims as spending total.

Note: If these figures seem unfamiliar, appear not to jibe with so-called \$100 billion administrative budget, keep in mind that federal government spends many billions not accounted for in regular annual appropriations.

These include social security, unemployment compensation—and this kind of taxation and spending continues rising rapidly in midst of government economy talk.

Guide to future costs of federal programs as approved this year shows up in studies of built-in growth.

Example: Compulsory health care for aged is realistically estimated to cost \$6.5 billion during first year.

But cumulative cost in five years is expected to be more than \$32.5 billion.

Other examples show same trend:

Housing, urban development are to cost some \$935 million the first year, and \$7.4 billion in four years.

Community health services, from \$28 million the first year, will cost \$112 million in four years.

Poverty program costs \$1.8 billion in one year, \$5.4 billion in three.

Area redevelopment subsidies come to \$760 million first year, \$3.3 billion for five years.

Or take federal aid to higher education, \$672 million the first year, \$4.7 billion total cost for five years.

Aid to elementary and secondary schools, \$1.3 billion in one year, to a total of \$6.6 billion for five.

Prosperity in full boom—all the way through 1975.

That's now regarded as strongest likelihood

WASHINGTON BUSINESS OUTLOOK

by experts looking far into future at course of business. Accepted view in Washington.

Business landmarks ahead, as previewed by government top forecasters:

Country now is producing goods and services at rate of \$675 billion a year.

And volume will continue to improve, reaching \$1 trillion a year by about 1972—only seven years away.

It'll rise to more than \$1.2 trillion by '75, according to studies.

Growth probably will extend beyond that, experts believe, but studies in detail go only that far.

To you as businessman, this means full decade of broad-based national economic opportunity.

Any major setbacks? No strong likelihood.

Cautious forecasters—mainly to safeguard against too much optimism—mention possibility of one or two mild but brief business setbacks during period leading up to 1975. But they emphasize both mild and brief.

Specialists also emphasize that any future dip in business, if it comes, would go largely unnoticed by many sections of the country and by many kinds of business and industry.

There's no serious recession in sight at this time. Only sound business growth.

In better times ahead, to keep pace with national business trends, you can reasonably expect your volume to be rising at a rate averaging one per cent every six weeks.

In slower times, you may take three months or so to boost selling as much.

In other words, standard of living in real growth terms will be rising faster on average than ever before over an extended period and most lines of business and industry can expect to share this future boom.

Your customers will have more money to buy more of your products, with greater emphasis on niceties of life rather than necessities of life.

Another way of looking at it: Business will improve during mid-1970's as much in about three years as it did during record-busting past five.

Presidential advisers fret over workers' productivity.

There's good reason. It's failing to measure up to government guideposts for wage settlements.

Background:

As businessmen know, President's Council of Economic Advisers has been pressing for wage settlements that match five-year national average of 3.2 per cent increase in productivity.

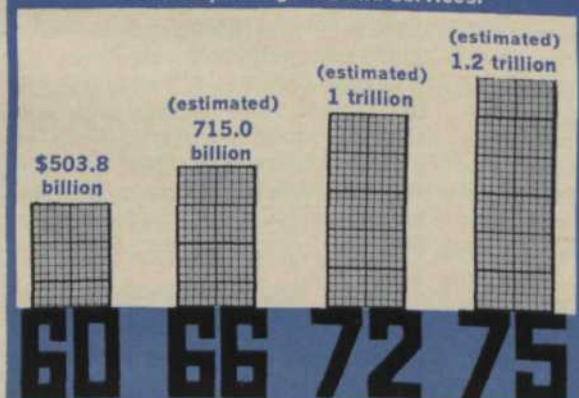
But wage costs are under pressure by unions that see guideposts as minimum for pay settlement. Wage costs have been going up more than four per cent.

At same time, output per worker is not rising as fast as it was.

Nation's Business readers won't be surprised. We saw and reported this trend last April. Told you productivity, or worker efficiency, was falling short of estimates, that increase could amount only to about 2.5 per cent.

Now that's proving out as accurate.

How business will grow
Total output of goods and services.



Roosevelt tells how government will press for equal employment

To the Editor:

A prime objective—and a deeply held conviction of the Equal Employment Opportunity Commission—is to enlist the cooperation of the great American business community in the program to provide equal job opportunity for all Americans.

I was shocked, therefore, to read the article in *NATION'S BUSINESS* (November) concerning the Commission. Because the piece—"Where Civil Rights Law Is Going Wrong"—was not only inaccurate, but prejudices our vital cooperation, I feel it is important to set the record straight.

At the very outset, it must be made clear that the matters which the article treats as Commission policy are not remotely Commission policy. They are opinions, suggestions and mere questions presented at workshop sessions at a conference called by the White House a few weeks after the Commission officially went into business. They came from a cross section of American interest groups invited to the conference pursuant to the mandate of Congress contained in Title VII. My fellow commissioners and I were amazed that a responsible publication would take suggestions made from the floor at a conference and treat them as if they were the opinions of the Commission. [See editor's note page 78.]

Your opening sentence states: "Few businessmen in America today even suspect that an agency of the federal government would:"

This is followed by 11 presumed courses of action taken by the Commission which are calculated to inflame any businessman.

The article neglects to say that the proposed courses of action listed were merely a few of the thousands of views offered by the 379 conference participants representing all of the interested parties, from businessmen to civil rights leaders. And it does not in any way acknowledge that the Commission has not adopted, and

does not intend to adopt, any of the suggestions mentioned (in the article).

The bulk of the remainder of the article quotes worried businessmen reacting to statements made by private participants at the White House Conference, not to policies actually adopted by the Commission. And most of those quoted apparently were not in attendance at the conference. I have



Franklin D. Roosevelt, Jr., who is chairman of nation's Equal Employment Opportunity Commission.

received a large number of thoughtful and enthusiastic letters concerning this conference from businessmen participants.

What does the Commission actually intend to do? Let me outline our present plans briefly.

Since the Equal Employment Opportunity Commission undertook its assignment last July, more than 2,500 persons from all parts of the United States have filed complaints charging discrimination in employment practices. When an individual complains to the Commission of discrimination, we seek to resolve the case by conciliation. If conciliation fails, the only recourse is for the complainant to take his complaint to U.S. District Court, or for the Commission to notify the Attorney General if it feels there is a pat-

tern of practice of discrimination.

Our goal is not only to end a particular abuse but also to promote voluntary compliance by its example. The investigation and resolving of complaints is an important part of our work, but we seek more than grudging compliance with the law. We are trying to create a climate of willing cooperation. Thus we regard our other approach—affirmative action—as important as the complaints and the correction of violations. We wish to be more than investigators and conciliators. We strive to be missionaries as well, encouraging all the forces of goodwill to action.

To this end, I announced last month one of the first and most important affirmative action programs the Commission plans to implement based upon the reservoir of goodwill we believe runs deep in every community in this nation.

In November in Washington, top staff members of the Commission sat down with business and community leaders from nine major cities where positive programs for equal employment opportunity have been put into effect by their own voluntary actions. Drawing on the experience of these leaders, the Commission and its Technical Assistance office is developing a model Merit Employment Program.

The Commission in January, February and March of the coming year will call together the business leaders of 60 cities in the United States—cities with substantial minority groups—in six regional conferences. We will present the model program to these cities and urge them to develop their own program for merit employment.

In 20 other cities where programs are already under way, the Commission will offer assistance. In the 60 cities which are beginning, we will follow up with help in establishing the new programs by providing on-the-spot professional advice and counsel in April,

Coupon for the man who expects to be rich



Huzza, I expect to be rich.
Tell me more about
"The Rewarder" policy
that costs less per year.

To: The St. Paul Insurance Companies
Attn: Western Life
385 Washington Street
St. Paul, Minnesota

THE REWARDER

Name

Address

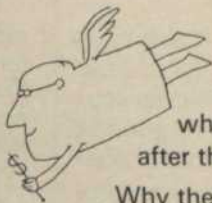
City State

Birthdate Phone number

Now, from The St. Paul Insurance Companies, this rather remarkable new policy from Western Life.

You can now own a \$25,000 (or larger) life insurance policy for *less* per year if you will keep the policy ten years.

If you were rich already, you would want to buy Ordinary Life. But if you're still *expecting* to be rich, you'll welcome the price break the new "Rewarder" Policy offers. It helps you afford the really big bundle of life insurance you may want, years before your ship comes in. (And it gives you a better price on Ordinary Life



when you go to buy it after the ship has docked.)

Why the lower cost? Built into the cost of most life policies is money to provide for dropouts; people who drop their policies within the first year or two. But now Western Life can insure you *without* this extra cost, when you guarantee with a cash deposit to keep your policy ten years. This deposit comes back to you with full 4% compound interest when the ten years is up.

We call this new policy "The Rewarder." Ready for a reward? Mail the coupon. (Not if you live in New York, though; sorry.)

World's Quietest Insurance Company? Some say so, but our Agents will talk. To call one see the Yellow Pages.

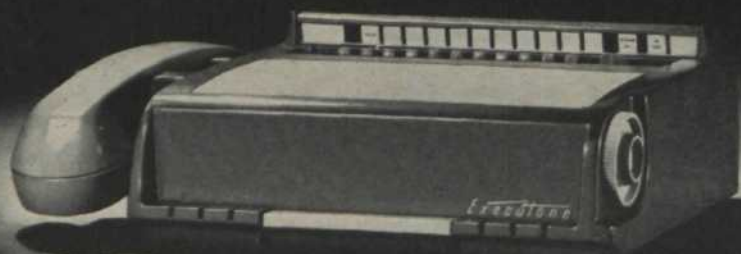
THE ST. PAUL
INSURANCE COMPANIES



Serving you around the world... around the clock

St. Paul Fire and Marine Insurance Company
St. Paul Mercury Insurance Company
Western Life Insurance Company
St. Paul, Minnesota 55102

CUTS MONTHLY PHONE COSTS



EXECUTONE INTERCOM

Executone intercom breaks switchboard bottlenecks . . . takes inside calls off your phones . . . reduces costly call-backs . . . frees phones for calls to and from the outside—where the customers are! Provable savings on your monthly phone bill will pay for your Executone system . . . giving you the benefits of two channels of communication for less than the cost of one!

Executone—the *dependable* intercom—speaks clearly with a *natural* voice. Incoming calls are announced by soft chime and signal light. Reaches any number of stations from two up. Available with paging and confidential handset.

Find out how Executone can help reduce your telephone bill; send the coupon today. No obligation.

Executone

Dept. K-1, Austell Place,
Long Island City, N. Y. 11101

☐ Prove to me Executone can cut my monthly phone costs. Call for an appointment.

☐ I would like to receive your 16 pg. booklet "The Many Uses of Intercom."

Name _____

Company _____

Address _____

City _____

State _____

Phone _____

Business opinion:

May and June. We are active advocates of conditions that bring about equal employment opportunity—better schools, more remedial education, improved vocational training, active recruitment of minority groups for company and union training programs and fair housing practices that will allow disadvantaged minorities to live within commuting distance of jobs.

We are asking management at the highest levels to review employment practices and initiate programs for tapping new sources of employment, for aggressive recruiting among minority groups.

The will to make these programs work exists on every Main Street in America. The leadership to put that will to work is present in every industrial plant and business and home and school in every community of our land.

Such leadership has developed the Merit Employment Campaign in Chicago. Edwin Berry, executive director of Chicago's Urban League observed:

"Companies are naturally interested in preserving the health and welfare of the surrounding communities. Nobody with good business sense wants a city to commit suicide."

John deButts, president of the Illinois Bell Telephone Co. and chairman of the Merit Employment steering committee, says:

"We assume that merit employment is morally right and that most companies are living up to the civil rights law, but there's room for them to go beyond the law and it will be good for them and for the community."

Since businessmen are sometimes more impressed with market analyses than with civil rights demonstrations, the Chicago committee's pamphlets and slide presentations also note that the 943,000 Negroes in Chicago have an effective buying income of \$1.24 billion and predict that "if all Chicago firms practiced merit employment, total wages paid to Negroes would increase by \$450 million a year."

I am sure that most businessmen are familiar with another—and nationwide—voluntary program called Plans for Progress. Plans for Progress was developed by leading employers from all over the United States to encourage

(continued on page 78)

How does Fyrepel demonstrate its hottest products to 10,000 world-wide prospects every year?



"WITH our full-color letterhead. It gives a vivid demonstration of how well our protective clothing shrugs off heat and flames," says John H. Weaver, president of Fyrepel Products, Inc., Newark, Ohio.

"Our sales letters land on the desks of government officials and industry executives all over the world. We need a bright, crisp letterhead that reflects a modern, substantial company... a leader, an innovator. So our printer uses Hammermill Bond.

"Right now Fyrepel clothing is worn in 42 countries, everywhere from Cape

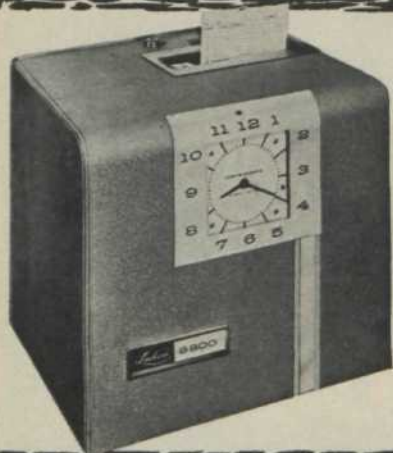
Kennedy to Thailand. We're confident our letterhead makes a good impression wherever it travels. And wins a few orders, too, along the way."

If your letterhead looks like it travels steerage instead of first-class, ask for Hammermill Bond... with the world's best-known watermark. And matching envelopes, too.

Hammermill Paper Company, makers of 29 grades of paper for fine printing and office duplicating, East Lake Rd., Erie, Pennsylvania 16512.

**HAMMERMILL
BOND®**

ACCURATE TIME CONTROL *assures a better* PROFIT PICTURE



keep those wage-hour records on a *Lathem* TIME RECORDER

Accurate time records and proof of compliance are mandatory, if you are subject to the wage-hour law. The latest revisions in the law may have meant increases in your salaries and wages and the elimination of tardiness and inaccuracies has become more important than ever.

Lathem Time Recorders have been simplifying wage-hour timekeeping for businesses for many years. There is a Lathem to fit your need and business, priced to fit your budget and it will pay for itself in a matter of months.

Mail coupon today for full information, prices and sample payroll cards.

LATHEM TIME RECORDER CO.
2134 Marietta Blvd., Atlanta 18, Ga.

Without obligation send catalogue and prices on Lathem Recorders together with proper time cards, for keeping wage-hour records.

COMPANY _____
CITY _____
STATE _____
SIGNED BY _____

Executive Trends

- "Sharks" roil the job waters
- Will Santa rob you blind?
- Advice for business drinkers

Today's buoyant market for business talent is luring less-than-ethical practitioners into executive recruiting, job counseling and employment agency work.

This is not to suggest that abuses are rampant. As the Association of Executive Recruiting Consultants points out, most search firms, counselors and placement people do an honest job, and all three groups make efforts to police their own ranks.

But sharks have begun to operate on the fringes of the job boom, and you should be wary of them whether you are a job-seeker or a manager with hiring responsibility.

"It's awfully easy for a man to hang out a shingle in one of these fields," comments a recruiter.

Here are some safeguards:

► Always check out any recruiter, counselor or employment agency you approach. Talk to men who have been clients of the firm. Beware of extravagant promises and package deals combining counseling and placement. (Most firms will specialize, shunning package deals as potential conflicts of interest.)

► Find out how long a firm has been in business, where it's located, what kind of background its officers have. These steps, too, can help you avoid the fly-by-nights.

The happy tidings of Christmas could be marred for many businessmen.

The reason is starkly simple. The Yule season traditionally brings a sharp rise in shoplifting and em-

ployee thefts, especially in retail and discount businesses. According to one estimate, theft losses ranging up to 4.5 per cent of sales can be expected.

But there's a hopeful note: You still have time to reduce the impact of what is euphemistically called "inventory shrinkage."

How?

The first step, according to Saul D. Astor, president of Management Safeguards, Inc., is to let all employees know that you are not going to accept Christmas thefts as inevitable. In place of passivity he recommends an aggressive "Zero Pilferage" program.

Mr. Astor says firms should tighten controls in prime loss areas—supervision, hiring, pricing, inventory management, guard coverage of counters and aisles jammed with holiday shoppers.

Equally important, he continues, is a good investigative follow-up.

"A single dishonest supervisor can spark a major merchandise drain," Mr. Astor asserts. "So can a single hard-core incorrigible on your payroll. He will find a way to steal, however tight your controls." The best answer? It may be to hire undercover investigators—people who pose as employees to track down the thieves.

The holiday season may not be the riotous romp of office parties it once was, but it is still a time of unusually heavy consumption of alcoholic beverages by businessmen.

Few would argue that it is wrong to have a friendly drink at an es-

You can use a
home typewriter for:
correspondence
family messages
school notes
speeches
creative writing
and addressing envelopes
in your spare time.



You can use the new Sony 900
portable tape recorder for:
correspondence
family messages
school notes
speeches
creative writing
and recording and beautifully reproducing
your family's favorite music.



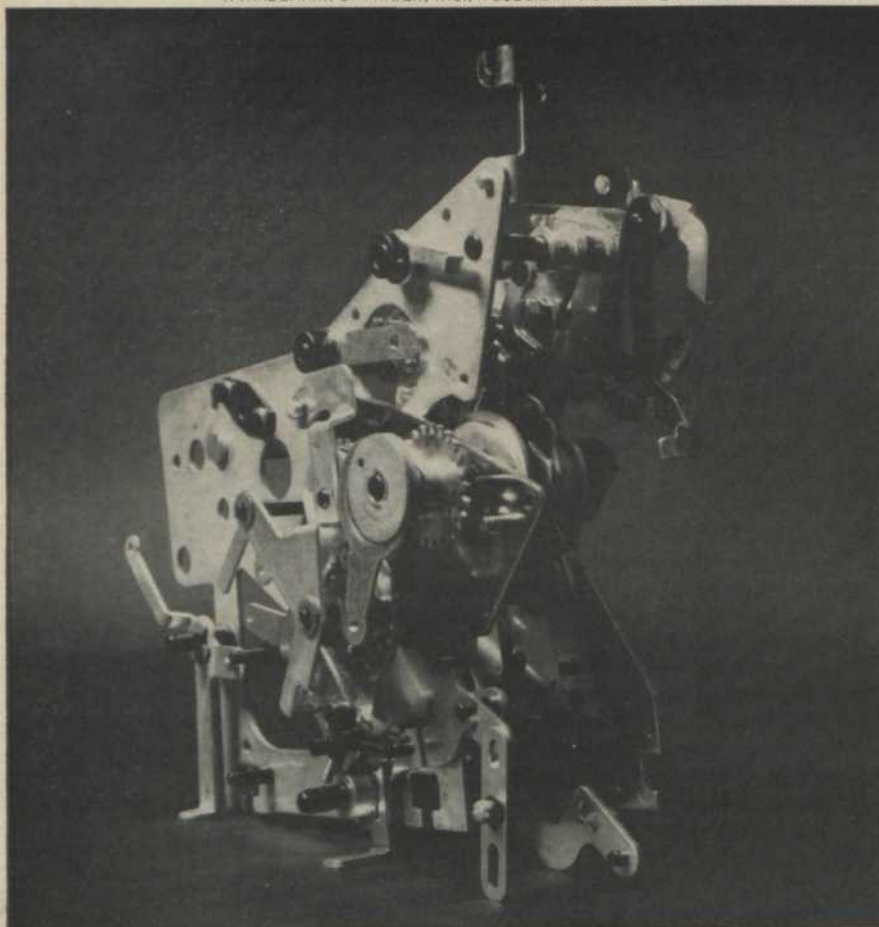
Now your choice is simply whether you'd rather address envelopes or listen to music.

SONY

SUPERSCOPE

The Tapeway to Stereo

SonyMatic 900. Solid State. Battery or household current operation. Automatic Volume Control. 2 speed ($3\frac{3}{4}$ & $1\frac{1}{2}$ ips) capstan drive. Tone control. Dynamic microphone with remote stop/start switch. $\frac{3}{4}$ inch reel for up to two hours on a single reel. Frequency response: 90-9,500 cps @ $3\frac{3}{4}$ ips, 90-5,000 cps @ $1\frac{1}{2}$ ips. $5\frac{1}{2}$ lbs. complete with carrying case. **ONLY \$67.50 COMPLETE.** For additional information, and dealer address, write Department 74 Superscope, Inc., 8150 Vineland Ave., Sun Valley, California 91353.



This little mechanism knows a short cut to help you multiply faster.

We've incorporated it in our latest rotary calculator, the SVE, to increase multiplying speed. This is how it works.

Normally, calculators cycle forward when multiplying. So to multiply 725 x 99, the ordinary rotary calculator must add 725 nine times.

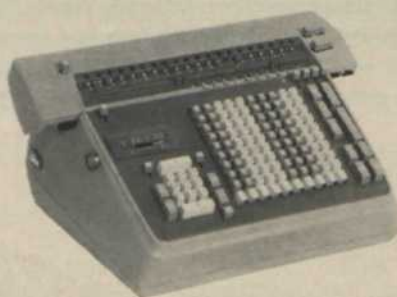
Click, click, click, click, click, click, click, click, click.

Then it must add nine times again—click, click, click, click, click, click, click, click, click—to get the answer: 71,775.

But the SVE takes the short cut—automatically. In this case the machine cycles once forward—click—and once backward—click—(multiplying by 100, and subtracting 725.)

The Friden SVE calculator is one of two rotary calculators made in America with automatic short-cut multiplication. We make both of them.

To see the SVE calculator call your nearest Friden office. Or write Friden, Inc., San Leandro, California. Sales and service throughout the world.



The SVE calculator by Friden

EXECUTIVE TRENDS

continued

pecially friendly time of year—or at any time of the year for that matter.

But how much should you drink?

NATION'S BUSINESS sounded out some medical experts.

A few argued that it is difficult to answer without knowing more about the individual drinker's physical and emotional make-up.

But others endorse at least these general rules:

Drink when you are in good health, friendly company, in a happy state of mind and when you have finished your work for the day. And always drink in moderation.

Don't drink if you are unhappy or tense, if you have a demanding task ahead of you or if you have reason to suspect that you may not be in good health.

• • •

One of the best sales-training devices in your business might be only an arm's length away: your telephone.

Companies report increasingly good results with sales-training by phone.

Here's how it works:

Salesmen are instructed to call the home office whenever they hit a sales slump. When the salesman calls in, he is put through to a counselor. This in-house specialist talks to the salesman and asks him to tell why he thinks he's slipping. The two compare notes. Then the counselor assumes the role of a customer and has the salesman run through the sales presentation. This gives the counselor a chance to listen for soft spots.

At the end of the conversation the counselor makes recommendations designed to help the salesman shore up weaknesses in his sales approach.

• • •

Executive intelligence: Send your office workers home after lunch. That's the facetious suggestion of consultant Harold W. Nance of Serge A. Birn Co., Inc. . . . He says 50 per cent productivity is normal in clerical work, that many companies need much tighter work rules to offset this. . . . Who's watching the kids? Research by Labor Department shows that nearly two out of five working mothers—3,593,000—have children under six; more than three out of five have children six to 17 years of age.



Afraid your secretary isn't ready
for dictation equipment?

She doesn't dress old-fashioned.
Why should she work that way?

She's modern enough to realize
the benefits of dictation equipment.

Because her work won't be inter-
rupted by lengthy dictating sessions.

Because she'll be free to type.

Answer the phone. And take on other
important duties.

In other words, she's more valu-
able to you when you use the new
IBM® Executary® 224 Dictating Unit.

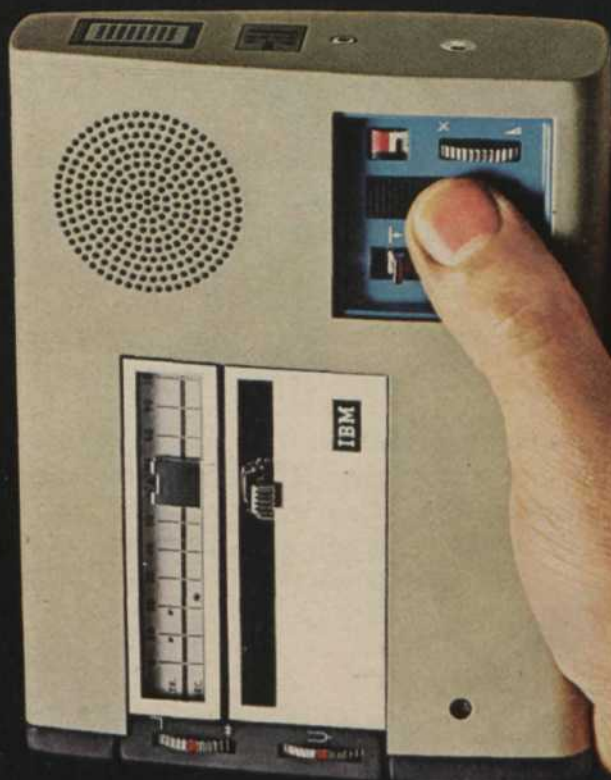
Small and compact, the new IBM
224 works behind your desk. In con-

ference. On trips. Anywhere you think.

Let an IBM Representative show
you how IBM Dictation Equipment
can make the most of your time—
and your secretary's.

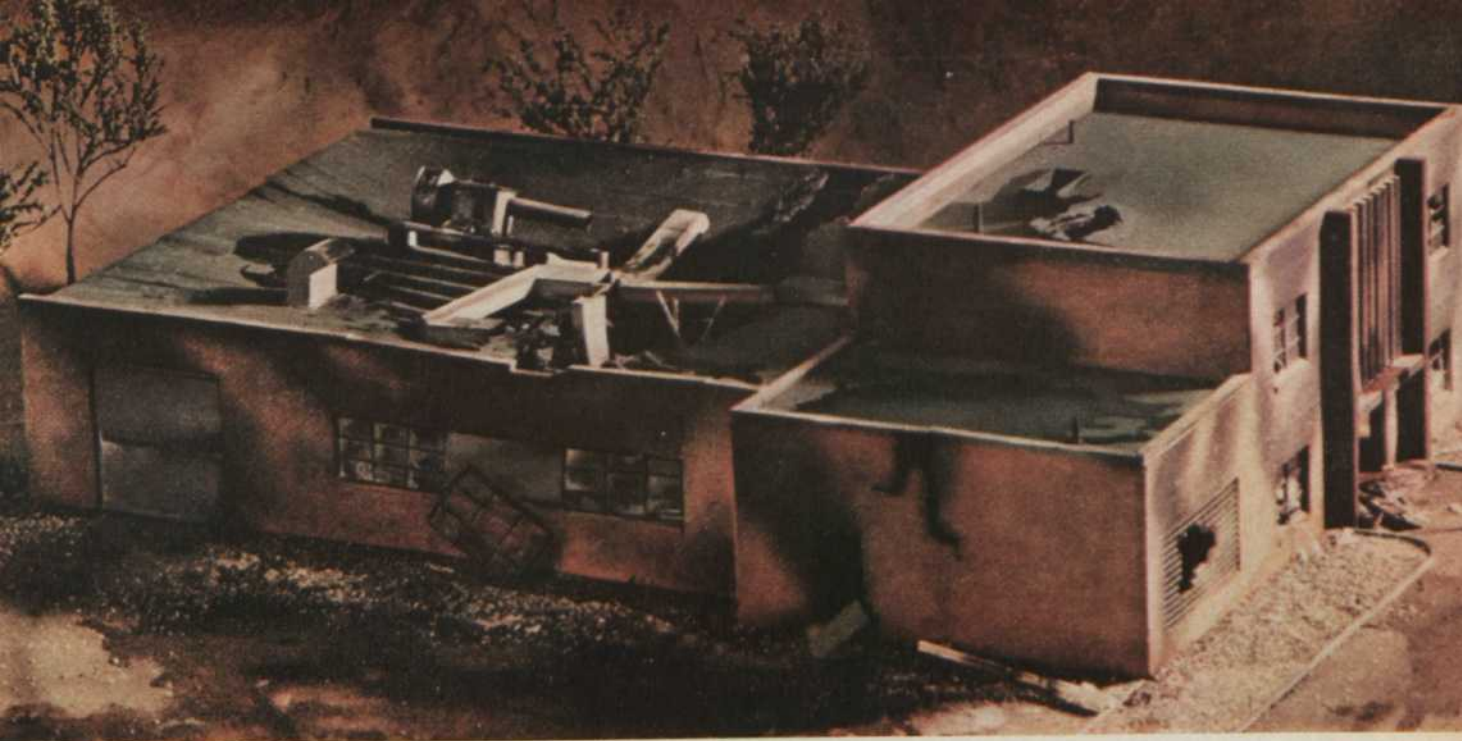
Call him. She'll be glad you did.
And so will you.

IBM





Going full steam, this plant nets \$3,000 a month.



It still does.

It's covered by Continental's Business Interruption Policy.

All right, so you're covered to the hilt for fire, windstorm, explosion—all kinds of *property* damage.

But what will you do for money if you're shut down for two, three, six months or more?

And your key employees. What will they do? After all, you can't expect them to live on loyalty.

So, after you've spent years putting together a solid outfit—Pouff!—it can all disappear in a cloud of smoke.

But that's not the way it has to be.

During a shutdown, Continental's Business Interruption Policy can take over. (You can get this coverage separately or as part of our Comprehensive Business Policy, which in-

sure almost every property and casualty risk you can imagine.)

The BIP can pay the regular net earnings of your business, the expenses you have to pay whether you're operating or not and the salaries of all your top people. (And Continental will even try to help get you back into business quickly.)

Will all this protection cost you an arm and a leg?

No sir!

It costs *less* than ordinary fire insurance.

How can you afford to pass up such a bargain? Call your Continental agent. (You'll find him listed in the Yellow Pages under Continental Insurance.)

The Continental Insurance Companies

The Continental Insurance Co. - Firestorm's of Newark - National Ben Franklin - Niagara Fire - Commercial of Newark - Fidelity and Casualty - Seaboard Fire & Marine - National Ben Franklin Life - Fidelity-Phenix - The Yorkshire - Home Offices: 80 Maiden Lane, N. Y., N. Y. 10038 - 10 Park Place, Newark, N. J. 07101

YIELD



At GT&E, we're not content to wait for progress. We work to create it. One way is investing our money where it's most likely to grow. Such as research. Every dollar we put here yields new and better communications products and services in advance of public need. And in time

for the orderly growth of manufacturing capacity to satisfy demand as it develops. In this way, GT&E action produces corporate growth through better communications services that benefit the total community.

Sharing greatly in America's growth

GENERAL TELEPHONE & ELECTRONICS



730 THIRD AVE., N.Y. 10017 • GT&E SUBSIDIARIES: General Telephone Operating Cos. in 33 states • GT&E Laboratories • GT&E International • General Telephone Directory Co. • Automatic Electric • Lankurt Electric • Sylvania Electric

Time to catch breaths and mend fences

BY PETER LISAGOR

WITH THE INTERVALS between congressional sessions growing ever shorter in recent years, Washington has barely had time to catch its breath before the mindless pace starts all over again. This is especially tough on Administration officials who just begin to savor the interlude of reduced tensions when they find themselves obliged to get ready for another long round of hearings and briefings.

The moguls of the executive branch must rehearse old policies and bone up on new ones, if any. Among their more exacting preparations is the budget-making process, in which they must immerse themselves almost totally and out of which come the President's truly basic decisions on federal spending and directions. Some simplistic souls would have you believe that the federal budget is prepared much as the average family head weighs his income against his expenses in deciding whether to buy a new car or color television set or put braces on Junior's teeth. But that analogy is old-fashioned in the new economics. Suffice it to say that when Congress reopens shop in January, Administration witnesses had better be prepared to explain and justify what the budget makers have decreed.

In the Johnson Administration, an essential quality in a Cabinet officer or agency head is that he get along with Congress. As a creature of the congressional environment, the President knows the grief that can come from a recalcitrant, contentious, defiant, hostile Administration official. He recalls with a shudder how Dean G. Acheson's effectiveness as Secretary of State under President Truman was severely limited by his inability to suffer fools gladly and a congenital distaste for truckling to congressional inquisitors. Truman wouldn't remove Acheson, whom he admired greatly, but there is a question whether LBJ would tolerate a similar burr under the congressional saddle in his own Cabinet.

The compatibility requirement made all the more glorious and merciful, if brief, the relaxation enjoyed

by the executive branch once the first session of the Eighty-ninth Congress ended and the legislators went home to ruminate about their acts of omission as well as commission.

Luncheons were longer, nerves less taut, ulcers more serene. A spokesman for a particularly harried Cabinet officer observed after the first week of Congress' absence, "I'll bet a survey would show the aspirin consumption down by half since adjournment." The look of the haunted was less pronounced in many high places, and dinners were being served on time for the first time in months in many homes.

With Congress closed down, except for an occasional hearing, Washington finds time for introspec-

PHOTO: ROBT. PHILLIPS



Washington's social set mingles at crowded cocktail party—one of the frivolities on which LBJ frowns.

tion and self-analysis. Its natives have long since resigned themselves to the fact that they live in one of the most ridiculed and satirized cities in the western world. As long as politics remains Topic A and the town's main industry, the satirists will continue to have a field day. It is considerably more respectable a pursuit than it was in the day when political critic H. L. Mencken proposed that unsuccessful candidates for the Presidency be "quietly hanged, as a matter of public sanitation and decorum." But not

Mr. Lisagor is the White House correspondent for the Chicago Daily News.

TRENDS: WASHINGTON MOOD

much. The bureaucrat is still much maligned, thought by many beyond the Potomac to be parasitical and engaged in some alien conspiracy. He is, in fact, a reasonably solid citizen of steady habits who pays his taxes on time and discharges the obligations of citizenry with as much patriotism and sense of duty as do the residents of Walla Walla, Wash., or Wahoo, Nebr., for example.

The women's pages of the local newspapers describe a world unknown to the average government worker, a world of colorful kente cloth and saris and originals by Balenciaga and Parnis, of soggy canapés and fancy viands, of little old ladies with sharp elbows and the agility of a broken-field runner when they zero in on the buffet table, of shop talk and diplomatic secrets that shake no world chancelleries but do titillate the gossips. The last word from this breathless corner of Washington was that the new Queen of Embassy Row, to replace the elegant Nicole Alphand, wife of the former French Ambassador, is likely to be a Spanish-speaking hostess, the suspicion being that this would please the Texans in positions of power who speak a smattering of Spanish due to their youthful contacts with the Mexican-Americans along the Rio Grande. Strangers may scoff at what seems to be a brittle, empty, effete social routine, but the plain fact is that a good deal of business gets transacted over cocktails in a quiet corner at a diplomatic reception or dinner party.

• • •

With the Johnsons in the White House, however, official Washington is not greatly fascinated by the cast of characters, the jockeying for position, on the cocktail circuit. The President is said to look with suspicion if not contempt upon those who dawdle over martinis at parties or huddle over cocktails late at night at restaurants, unless measurable work is being done; he feels they're either wasting their time or engaged in some cabal. For the yardstick of this Administration is how much gets done, not how fluffy the soufflé or elegant the gowns or danceable the music. Society bands have been replaced by the Marine band, and the food usually is delectable, digestible American fare or something that won't distract the guests too much from the business at hand, support to be elicited, a consensus to be pursued.

In short, Washington is pretty much on its own if the First Family betokens its social course, as the local arbiters claim. The President works here but he is not of the city, never has been. It is said that he probably couldn't recommend a good, out-of-the-way restaurant to a stranger, and would even look strange walking along the narrow streets of Georgetown, the charming old quarter of the city, even though he has served his state and the nation here for more than three decades. He is not an eavesdropper around city corners, in the fashion of Rupert Brooke, who said that was the only way to learn about a place. He is interested in cities as projects, great urban challenges, and that includes Washing-

ton, for which he hopes to achieve home rule in the second session of the "fabulous Eighty-ninth."

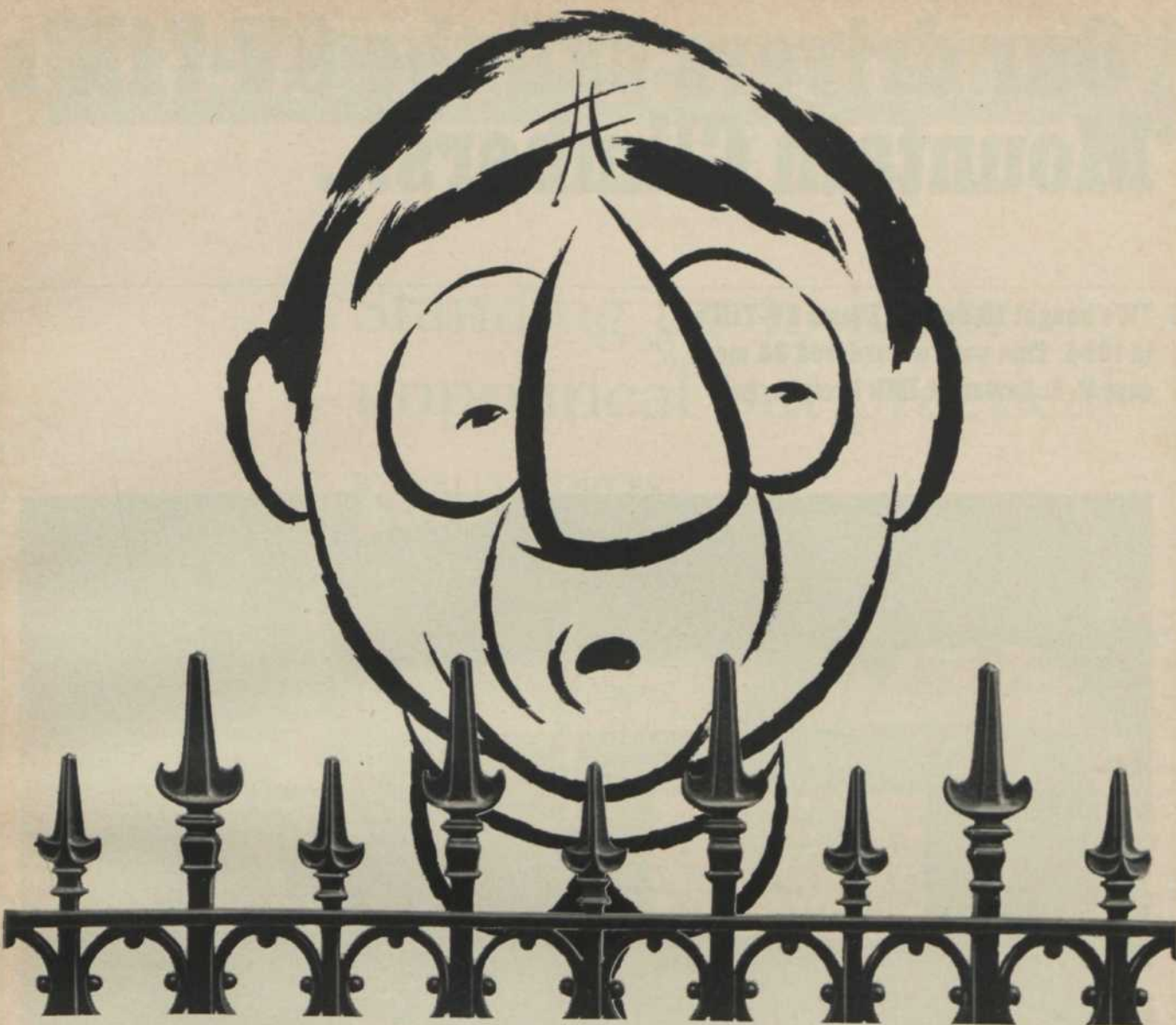
Those who felt the need to catch their breath and sort out their thoughts got double relief, so to speak, when the Eighty-ninth adjourned. For President Johnson went off about the same time to his Texas ranch for an extended stay to convalesce fully from his gall bladder operation. Air Force planes shuttled Cabinet officials and Budget Bureau experts back and forth to the ranch, and when anyone used the pronoun "he" without further identification, there was no doubt that the reference was to LBJ. Yet, the pace in Washington slackened perceptibly.

Not only did the social lions and lionesses have time to map their winter season and anoint their new stars, but Washington's newspapers found space for the perennial, and often confusing, analyses of the "Other Washington," the city of slums, crime, poverty, despair, that tourists and even suburbanites here rarely see. One paper deplored the dimensions of the problem, while another printed columns purporting to show it to be exaggerated, citing statistics to prove how wrong are those who believe that a majority of the city's 450,000 Negroes (in a population of 800,000 within the District of Columbia proper) are slum-ridden, illiterate, and on the welfare rolls. The objectives of both papers, however, were the same: home rule, reform, and the kind of urban upheaval that many think will be necessary.

The legend of log-rolling, controversy and back-talk which characterizes the city never takes a holiday, even when Congress is not in session. Raconteurs delight in the tale of the stubborn tobacco farmer who refused to sell his property on which the Capitol now stands at the going price of \$66.66 an acre, forcing President George Washington to visit him. He turned out to be a wily Scotsman named Burns, and Washington got nowhere with him. Piqued, the President told him, "Had not the Federal City been laid out here, you would have died a poor farmer." Without batting an eye, the farmer replied, "And had ye not wed the Widow Custis, ye would've been a land surveyor today, and a dom poor one at that."

The congressional pause also enabled those legislators who would aspire to statesmanship to hasten abroad ostensibly to see how U. S. aid programs and military operations are being administered. They did not shrink from the chance to observe the social mores of those foreign capitals they passed through.

Washington used to be considered a transient center, but this no longer holds. Legislators have their roots elsewhere, the military come and go on tours of duty, and top officials change with Administrations. The overwhelming bulk of the residents, however, stay put. They don't begrudge the congressmen their recess. If Congress stayed in session the year round, the lawmakers wouldn't have time to go junketing on "company business," the bureaucrats wouldn't have their blessed respite, and above all, perhaps, the folks back home wouldn't have the opportunity to imbue their representatives with their collective doubts, anxieties, suspicions and wisdom so that they can return to the Capital with all the relevant questions about whither the Republic.



Fenced in by fussy restrictions in your financing?

If your present financing restrains you by requiring clean-up payments periodically... if required "compensating balances" narrow your borrowing limits... if your present borrowing arrangements have restrictive provisions or interfere with your management prerogatives... then you certainly should look into the financing plans of CIT! These modern plans can provide you with ample funds, giving you more elbow

room for growth. Continuously.

Do you need funds right now for new machinery? Or an up-to-date fleet of trucks... new fixtures or office equipment... a new plant or addition? Do your growth plans call for the launching of new products? Would a merger or acquisition strengthen your competitive position? CIT has plans for financing all of these and many more. Amazingly flexible plans.

Why can CIT be more elastic? So thoroughly understanding, considerate, and imaginative? We've had more experience. CIT is the oldest and largest organization of its kind. In most any reasonable business situation, CIT will make a definite proposal. So check our plans and rates. Then if you can do better elsewhere, you can say "no" to us, not us to you. Usually you'll find the CIT way is best.

Financing Ideas... Free: New book outlines and compares many modern ways to finance growth—turn business opportunities to quicker, larger profits. Mail coupon. No obligation.



C.I.T. Corporation
650 Madison Ave., (Room 729 NB)
New York, N.Y. 10022

Send me your free book on Financing Ideas.

Name _____ Title _____

Firm _____

Address _____

City _____ State _____ Zip _____

Flexible Financing by CIT • Instalment Purchasing • Equipment and Vehicle Fleet Leasing
Capital Loans • Accounts Receivable and Inventory Financing • Sale and Leaseback • Rediscounting

More than 230 sales representatives and offices. C.I.T. Corporation; Subsidiary of C.I.T. Financial Corp. Capital and Surplus over \$380 million. Assets over \$2.8 billion.

"Our drivers call the 8V-71N's 'Mountain Climbers'..."

**"We bought 10 Detroit Diesel 8V-71N's
in 1964. This year we ordered 34 more..."
says R. S. Carter of IML Freight, Inc.**



"We use the 'Mountain Climbers' on the Donner Pass run which has grades as high as 6%," Mr. Carter, IML's board chairman, added. "We're getting over 4.5 mpg on this run...oil consumption is extremely low and we've had minimum maintenance problems.

"We were impressed enough after 100,000 miles of operation that our latest order for 34 White Freightliners was 100% powered with Detroit Diesel 8V-71N's."

This kind of performance report is the reason why we say that Detroit Diesel "N" engines

(a) can equal any engine in total performance, yet beat it in operating economy—or (b) can equal any engine in operating economy, yet beat it in performance.

How about you? Ready to step up to the new standard of truck power, Detroit Diesel "N" engines? Give them a try. Or ask the trucker who already has. For the full story, see your Detroit Diesel Distributor or write Detroit Diesel Engine Division, General Motors, Detroit, Michigan 48228.



Standing up to labor: unpolitical but practical

BY FELIX MORLEY

POLITICS makes strange bedfellows. By the same token it can also disrupt long-standing marriages, like that of the Democratic Party with southern voters. A current case, of world-wide significance, springs from the grimly deflationary policy of Prime Minister Harold Wilson of Great Britain in confronting that country's very serious financial and economic difficulties.

The precise issue, now boiling up over there, is whether a political party primarily dependent on labor union support can successfully oppose restrictive but time-honored practices of those unions.

Of course the underlying problem is found to some extent in every democratic country where labor is both well organized and politically active. Here, the Administration was forced to drop, at least temporarily, the union-supported effort to repeal state right-to-work laws. But in Great Britain the political quandary is much more acute because nearly 90 per cent of the Labor members in the House of Commons are officially sponsored by one or more of the big unions, and are dependent on union endorsement and financing for re-election.

Loyalty to party was therefore severely strained when the Labor Government announced last summer that it has drafted legislation making it mandatory for all unions to submit claims for wage increases to the prior consideration of a governmental committee. While this committee would not at the outset have actual wage-fixing powers, that eventuality, in the event of union recalcitrance, is clearly implied.

• • •

At the annual Labor Party conference, at the end of September, a rank-and-file resolution to scuttle this proposal was defeated on a card vote, but only by 3,635,000 to 2,540,000. So the strength of the opposition, in defiance of party leadership,

Dr. Morley is a Pulitzer Prize-winning former newspaper editor and college president.

was revealed as formidable, not less so because assisted by a member of the Labor Cabinet, Technology Minister Frank Cousins. More fireworks on the issue are to be expected when the actual legislation comes before Parliament in the winter session now under way.

This fissure among his supporters would seem the more disconcerting to Prime Minister Wilson because of his apparently precarious hold on power. Under the British system the premier, if defeated on any major issue in the House of Commons, must resign and thus precipitate a general election. And in the present House, of 629 members excluding the nonvoting Speaker, the Labor Party now has a majority of only two over the Conservatives and the handful of Liberals combined.

Mr. Wilson's position, however, is more secure than the arithmetic indicates. The one political asset of Mr. Joseph Grimond, the Liberal leader, is a balance of power which he does not dare to exercise. The 10 Liberal votes might easily bring the Labor Government down. But this asset would have been thrown away if either the Conservatives or Labor secured a substantial majority in the election which would follow.

Nor are the Conservatives at all anxious for an immediate test of strength. They would like to see the present government put through its program of restricting wage increases to demonstrated productivity gains. And they have been badly shaken by the decline of their popularity in the latest National Opinion Poll. This indicates that currently 49.7 per cent would vote Labor, 38.7 per cent Conservative and 8.1 per cent Liberal. At the last general election, October 15, 1964, the corresponding division of actual votes was 44.1, 43.4 and 11.2 per cent.

If Mr. Wilson's supporters were united he might well take advantage of this popularity to force another general election himself. But such action would probably accentuate rather than mend the fissures within the Labor Party. Many of its mem-

TRENDS: STATE OF THE NATION

ers are critical of the Prime Minister for reasons other than his resistance to automatic wage increases. He has alienated the doctrinaire socialists by his refusal to renationalize the steel industry. And he is sharply criticized by pacifist elements for not opposing our military operations in Viet Nam.

• • •

Expectation of continued Labor Party tenure, barring some catastrophic development, is strengthened by the National Plan made public with much official fanfare in September. As its critics have emphasized this is not so much a plan, in any formal sense, as a detailed projection of objectives which the Labor Government hopes to obtain by 1970, primarily a 25 per cent increase in over-all productivity. The Prime Minister can and does argue effectively that he needs a political truce to carry out this ambitious program.

But what is most interesting, from the outside viewpoint, is the admission that to fulfill its plan the Labor Government must run head-on into deep-rooted dogmas of the labor unions. The conflict is not concealed by the text of the document.

"The real trouble," it says, "is that in other countries the amount produced by each worker has been going up faster than here." Then: "However fast productivity rises, if wages and salaries grow still faster, there will then be no hope of keeping prices stable." Again, in a thinly veiled attack on featherbedding: "There is beyond doubt a considerable amount of underemployment in indus-

UPI PHOTO



Britain's Labor Minister Gunter grapples with problem of curbing unions' inflationary wage demands.

try—more men or women on a job than is really necessary."

This is not to suggest that the Labor Government is critical only, or even primarily, of labor union practices. It makes plenty of sharp comments on managerial and distributive inefficiency. The pending legislation provides that price as well as wage increases must be submitted in advance of action to the scrutiny of the new National Board for Prices and Incomes.

Nevertheless, it is evident that the socialistic gov-

ernment of Britain is facing squarely up to economic facts which socialists habitually ignore. Fulsome oratory about the painless achievement of a Great Society is distinctly out. For an American it is particularly interesting to hear the forthright words of the Chancellor of the Exchequer, Mr. James Callaghan: "I believe the British people realize that good government is more than distributing benefits or lollipops . . . the first requirement laid on any government is to insure that the nation pays its way."

A similar realism permeates most of Prime Minister Wilson's entourage. His Minister of Labor, Raymond J. Gunter, says: "There certainly will be no promised land in terms of more houses, more hospitals, more schools, unless this country earns its own keep." And to an audience largely composed of union leaders the Minister of Economic Affairs, George Brown, was extremely forthright in a recent speech. Whenever his Ministry can stop the price of any commodity from being raised, said Mr. Brown, he is attacked "not by manufacturers but by the unions for preventing them from getting a wage increase."

• • •

Great Britain, at present, is not earning its keep. Massive credits, from a consortium of other governments and international financial organizations, have currently averted the threat of an enforced devaluation of the pound. But inflation is steadily shrinking its domestic purchasing power. This winter is not going to be easy. Without a pronounced increase in national productivity, meaning harder work and greater efficiency, the once great empire will inevitably sink ever lower in the scales of power and prestige.

Naturally, the British as a whole dislike the prospect. But with characteristic courage and tenacity most are preparing to face it. As after Dunkirk, class distinctions are blurred. A new and admirable spirit of self-criticism is everywhere apparent, both in the ranks of labor and of management.

By pure coincidence, this fall a Japanese shipyard launched a huge tanker on the same day that one a quarter of its size slid down the ways of a British yard. The authoritative *London Times* blazoned the fact that the Japanese yard did its job in 144 days from laying of the keel, whereas the same degree of construction for the much smaller British ship took 189 days. An editorial on the subject concluded:

"British yards will never (and they know it) match Japanese performance without matching their willingness—indeed eagerness on the part of management, union and men—to perform."

How much of the slackness in Britain comes from the concept of the welfare state and how much from other causes is necessarily a matter of guesswork. What is certain is that the Labor Government, faced with real crisis, has concluded that it must drop both partisanship and sentimentality.

That is refreshing for anyone bemused by constant intimations that Utopia can be attained by continuously distributing more than is produced.

"I can ship anytime day or night..."



that's why I always specify Greyhound Package Express!"

Greyhound Package Express never stops for lunch, never quits at five, never sleeps at night. Not on weekdays. Not on weekends. Not even on holidays. Your shipments travel on regular Greyhound buses... via fast, frequent Greyhound schedules. Your shipments get moving *faster* so they can arrive *sooner*. Packages shipped hundreds of miles frequently arrive the very

same day. And even on longer trips, overnight deliveries are routine. Save time! Save money! Save trouble, too! Ship C.O.D., Collect, Prepaid or open a Greyhound Package Express Charge Account.

For information on service, rates and routes, call Greyhound or write today: Greyhound Package Express, Dept. 1-M, 140 S. Dearborn St., Chicago 3, Ill.

It's there in hours...and costs you less

For Example	Buses Daily	Running Time	20 Lbs.	30 Lbs.	40 Lbs.*
San Francisco— Sacramento	39	1 hr. 40 min.	\$1.15	\$1.35	\$1.50
Atlanta— Birmingham	10	3 hrs. 45 min.	1.85	2.10	2.45
Pittsburgh— Cleveland	13	2 hrs. 55 min.	1.80	2.05	2.40
Chicago— Milwaukee	15	1 hr. 50 min.	1.55	1.80	2.00

*Other low rates up to 100 lbs.



One of a series of messages depicting another growing service of The Greyhound Corporation.

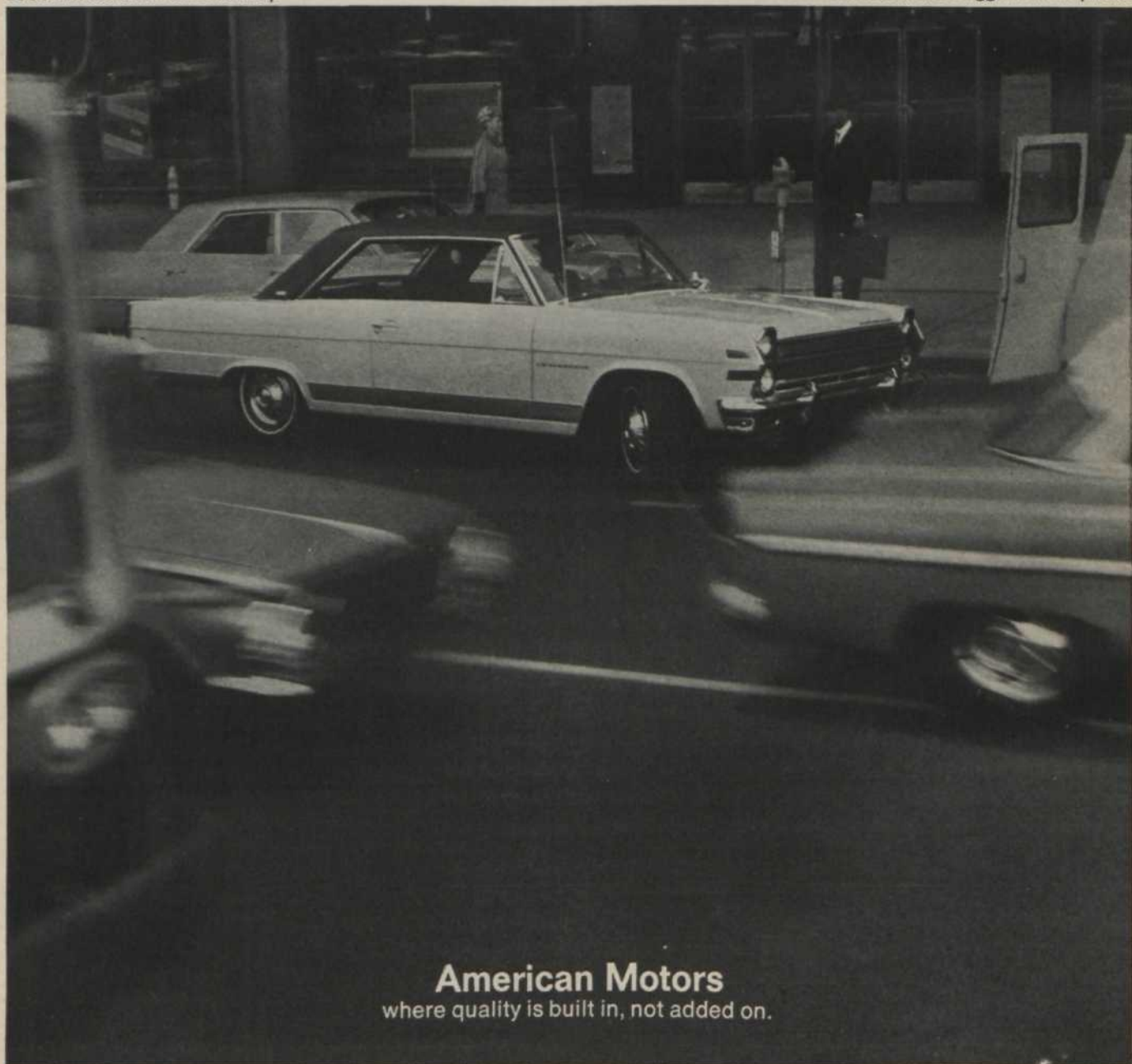
Ambassador '66: extra comfort built in...enough to encourage an extra sales call!

Is comfort important in a fleet car? Ask a man who battles traffic all day. Our lean, luxurious Ambassador has elegant interior appointments you'd expect only in Cadillac, Continental, Imperial. (At a price you'd expect only on Impala, Galaxie, Fury III.*) There's a look of hand-rubbed walnut splashed around up front, and sinfully thick cut-pile carpeting. Our seats are full coil-spring construction for the utmost in comfort. Our brakes are a dual hydraulic system for the utmost in safety. Try to find those two touches of

built-in quality anywhere this side of Cadillac. Choose from one of three thundering V-8's, or our brawny new Six. You can order bucket seats with center armrests, or safety headrests, or air conditioning for less than you might think, or an adjustable steering wheel. But despite all its glamor, our '66 Ambassador still turns — and runs — on a dime. See how subtly that extra sales call is built in at your American Motors/Rambler dealer. Or, write Fleet Sales, American Motors Corporation, Detroit, Michigan 48232.

1966 Ambassador DPL Hardtop

*Based on manufacturers' suggested list prices.



American Motors

where quality is built in, not added on.

We're taking too many liberties with freedom

BY ALDEN H. SYPHER

A NEW CONSCIOUSNESS of individual rights sweeps across the land of the free and the home of the brave. It takes many forms:

Young men with no yen for jungle fighting exercise their right to parade in protest against government policy in Viet Nam.

The mother of a young man, serving in Viet Nam in accordance with the law, protests the marchers' dissent. She is slugged by one of the marching protestants, who shuns such action against the Vietcong. His explanation: She slapped him first.

Most pickets outside the White House are asserting their right to object to war. No one inside wants it either. But they have national responsibility. Those outside would reject their share of that.

Any picketing march is more than the simple protest these pretend to be. It is a show of force. The talk is about policy, but the interest of the campus crowd appears to be much more practical. The real issue is with their draft boards. As in crime, the number involved is small, compared to the over-all, but the effects may be widespread and serious.

There's tough talk in Washington over what to do about the overage students who mislead their young, less-experienced partners. Concerning the latter, the talk is softer, more inviting. Much is said about means of attracting them to more worthwhile uses for their leadership qualities and the boundless energy they display, which is far beyond that needed for normal campus life. This approach assumes their right to protest.

Little is said about their duty to serve, although the same qualities could apply.

• • •

This rising concern about the individual rights of persons who differ with, or fail to comply with, the law follows a similar sentiment that has swept through the courts of the land. The latter sweep may stem from the earlier. All the emphasis has been on the

Mr. Sypher, a life-long journalist, is the retired editor and publisher of NATION'S BUSINESS.



In many of the nation's courts, today's watchword is not the rights of the victim—but of the accused.

rights of the accused. In Washington a man convicted of peddling narcotics and assaulting the arresting officer has been freed of both charges because he was not informed adequately of his rights before a preliminary hearing, held only to determine whether there was sufficient cause for grand jury consideration of his case.

This was no instance of an innocent man being hustled off to jail in the black of night. Even a zealot could find little to rant about in the proceedings.

The hearing commissioner gave the prisoner the customary advice—that he could postpone the hearing until he retained a lawyer, proceed without a lawyer, or waive the hearing altogether and let the grand jury decide whether there was cause for trial. The prisoner elected to act as his own lawyer.

A federal court of appeals has ruled the convictions must be thrown out because the accused was not informed of one more right—his right to a free lawyer, arranged for by the government, if he could not afford to pay one.

In Maryland a Buddhist accused of murdering his wife won a reversal in a state court of appeals because the jurors who found him guilty had sworn to

TRENDS: RIGHT OR WRONG

do their duty "in the presence of Almighty God." This oath, his lawyers argued, denied him equal protection under the law by excluding members of his faith from the jury, because Buddhists do not believe in God.

The appeals court was guided by the U. S. Supreme Court's 1961 ruling that a law requiring a notary public to declare a belief in the existence of God was unconstitutional.

So it goes across the nation. The search in many courts seems to be not for innocence or guilt, not a clear question of: Did the accused do it or didn't he? but a search for technical perfection in the proceedings to see that no single, dangling right has been overlooked or abridged, lest a higher court upset the verdict regardless of the elements of guilt or innocence.

This is the everlasting process of interpreting and perfecting the law to diminish the possibility of a man's being punished for a crime he did not commit.

But what about the rights of the victims? These are the forgotten people in the refinement of the law. The process sometimes frees the accused, guilty or not. But it cannot free the victim of the damages. The right of protection from crime seems to diminish in proportion to the rise in the rights of the accused. A more equitable way surely could be found to perfect the law.

Shock rises through most of the country over the handling in the deep South of civil rights murders and their perpetrators. The circumstances, rather than the crimes and trials, create these shock waves. They are not based on the fact that trigger-pullers are turned free. For that happens nearly every day somewhere in these United States. In those cases, if there's any protest, it's seldom heard very far away.

There were 9,250 victims of murder in this country last year, more than one an hour. Statistics do not show how many of the killers were brought to trial, but among those who were charged with murder, fewer than half were found guilty. If the past is a guide to the future, many of these soon will be free on parole.

In an analysis of how 225 law-enforcement men met sudden death in the course of their work during the past five years, the Federal Bureau of Investigation found that 78 per cent of the killers had arrest records, and half of these were for serious, assault-type crimes.

Six policemen were killed by men who had been convicted of murder before and released on parole. Another seven were killed by men who had been convicted of assault to kill and released on parole.

Nearly one third of the killers were on parole or probation when they murdered law-enforcement men.

During the past five years the national crime rate has risen by 44 per cent. It heads now for new highs. The rate of solutions goes down.

Political and social experts view our society and

economy critically to determine which of their many faults are to be blamed for violence while others pry zealously into legal procedures to find new rights for the accused.

We tear down slums and otherwise rework the structure of the nation, and while these may be good things to do, there is serious question whether such steps will bring about the more conventional behavior many of their sponsors promise.

We war against poverty, which may be a good fight. But it won't necessarily reduce serious violation of the law, for the crime rate grows fastest in split-level suburbia, and the greatest gains in these sordid statistics are attributable to youth. The poverty involved here is in the responsibility of parents.

The causes of crime are many. So are students of the subject. Usually they view causes theoretically from various fields of specialization. A new and perhaps more practical study is emerging through the electronic processing of fingerprints, which is enabling the FBI to fix patterns of criminal history and behavior.

The information is incomplete. It is limited to offenders caught and fingerprinted and whose prints have been filed with the FBI over a two-year period. Teenagers are missing, mostly. Police departments seldom fingerprint juveniles.

An emerging pattern shows there are far fewer criminals than crimes. There is a crime-career group much smaller than the rising crime rate might indicate.

Seventy-six per cent of the 92,869 men and women processed had records of previous arrests. The average length of their careers is 10 years, and they are not yet closed. They have been involved in nearly 434,000 charges, an average of more than four arrests apiece.

How can careers such as these flourish? With so many arrests were these people not sent to jail? No. Not even half of them. Fifty-one per cent of those who had been convicted were treated leniently by state or federal courts. They were given suspended sentences, probation, or were paroled or released conditionally.

No doubt the courts and their probation officers gave consideration to extenuating circumstances in each case, and hoped for rehabilitation. Such hopes had little basis. For after such generous treatment, each one of the group averaged three more arrests.

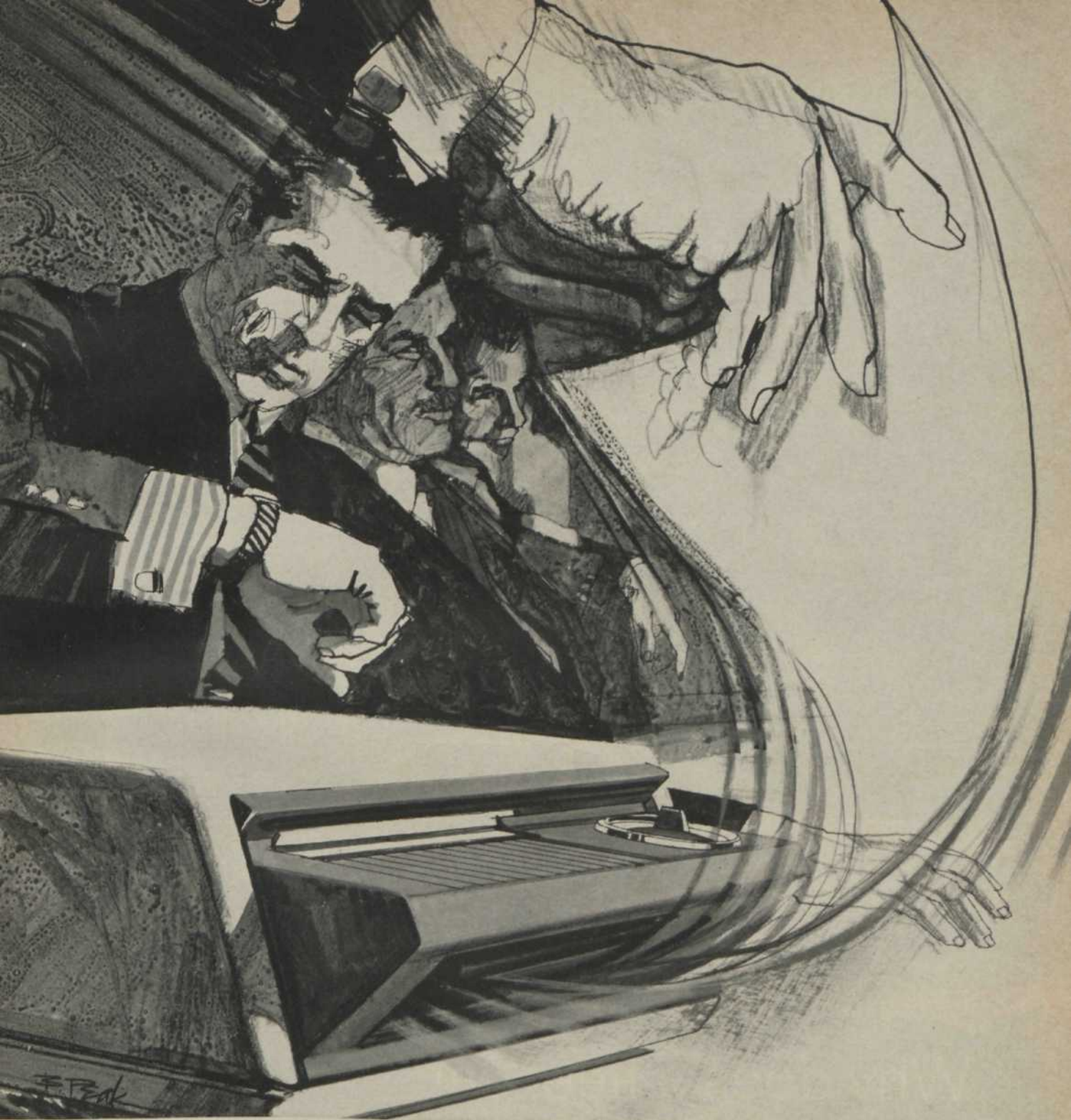
Which is how careers in crime can flourish.

And which leads FBI Director J. Edgar Hoover to look back to 1924 when a New York judge said:

"The demand of the hour in America is for jurors with conscience, judges with courage and prisons which are neither country clubs nor health resorts.

"It is not the criminal, actual or potential, that needs a neuropathic hospital, it is the people who slobber over them in an effort to find excuses for their crime."

To which Mr. Hoover adds: "The demand is unchanged—only the hour is shorter."



4 SECONDS FAST!!!

Need extra copies right now? Relax. The world's fastest copier will make them. Takes only 4 seconds for the THERMO-FAX® Brand "Secretary" to shoot out a clean, white copy. You don't even push a button. Turns itself on and off automatically. For proof, call your THERMO-FAX Products dealer at a 3M Business Products Center.

3M
COMPANY

ST. PAUL, MINNESOTA 55119

THE TERMS "THERMO-FAX" AND "SECRETARY" ARE REGISTERED TRADEMARKS OF THE 3M COMPANY

WATCH 3M COLOR SPECIAL, "IN SEARCH OF MAN," ABC-TV, MONDAY, DECEMBER 13, 10:00 P.M. EST.



Why does a fleet car have to look like a fleet car?

Seriously. Why can't a company car have a little character—along with economy, ease of maintenance, resale and all the other strictly business considerations?

The 1966 Pontiac can prove its value in dollars and cents and gallons and miles. But some things can't be put into numbers.

There's an old saying that you buy a fleet car with your brain. But we suggest you sneak a look and maybe a drive while you're at it. And then let your brain take over.

Write our Fleet Department, Pontiac Motor Division, Pontiac 11, Michigan, for a personal demonstration.

Wide-Track Pontiac/'66

WHAT TOMORROW'S POLITICAL ISSUES WILL BE

Behind wave of new laws from Washington
fresh controversies already begin to churn

REMEMBER that old wheeze about the man who said he and his wife had a perfect understanding? She took care of the little things such as the family budget and left the big decisions to him—such as our policy on Viet Nam and General de Gaulle.

There's a lot of that same thinking in the country and in Washington as election year 1966 approaches.

People are being told that the big issues have been settled by Congress over the past couple of years and that the country can now relax while President Johnson takes care of the little things—how deeply the federal government will intervene in labor disputes and business affairs; how freehanded to run the program of federalized medical care for the elderly; how much money to spend on welfare, education, ur-

ban problems; in fact, how much money to spend, period.

In other words, goes this theory, there aren't many—or any—big domestic issues left for awhile. So you can take a nap and forget about what's happening on the inconsequential ones left over.

"We thought up all the big issues of the Sixties during the Fifties," grins one Johnson braintruster with a mixture of blandness and brass as he sinks back in his swivel chair, props his feet on a federal window sill and drags at his pipe. "President Kennedy brought them up to the country and President Johnson completed the job. Now there will be a pause while new issues are thought up."

The belief cuts across party lines on Capitol Hill that, as Kentucky's Republican Senator Thruston B. Morton puts it, "The agencies have

run out of new programs." This means for 1966, says Senator Henry M. Jackson, Washington Democrat, "By and large, you're going to see a period of digestion of the newly passed social welfare legislation. Congress is restive; it's going to want to take stock. The year 1965 is the spending year; next year will be the year to take stock."

Maybe.

Congress probably won't be dealing next year with many matters which have been building up for as long or with as much propaganda behind them as many of the programs it enacted this year. Federal aid to education and medicare were debated for years, for example.

But talks by NATION'S BUSINESS editors with Administration and congressional seers, analysts for business, economic forecasters and

What tomorrow's political issues will be *continued*

other well posted men indicate that the talked-of pause in major issues before the nation won't last long if at all. And, like the little things left to the wife in the old joke, the so-called minor issues still before Congress and the voters are appearing less inconsequential all the time.

What White House nurtures

President Johnson himself is fertilizing the issues.

He continues to press his compulsory unionism proposal for repeal of section 14 (b) of the Taft-Hartley law, which lets states pass right-to-work laws. (See article on page 36.) Businessmen and employees opposed to growing power for labor unions promise to fight back against the proposal. It appears likely that business groups in favor of right to work will press for other changes in the law aimed at curbing politically powerful unions.

Similarly, there's sure to be a major tangle over new minimum wage legislation now lurking in congressional committees. The unions want an increase in the present federal minimum wage of \$1.25 an hour, higher penalty pay rates for overtime work and, most important of all to many employers, extension of the minimum wage to many firms now exempt. There's expected to be a battle over Administration proposals to impose new federal controls on the present unemployment compensation system (see article on page 38) and the possibility of new government controls on company pension plans.

But not the whole camel

Despite the assertions of Administration men such as the pipe-puffing braintruster with his feet on the window sill, passage of big social welfare schemes by Congress earlier this year does not mean they will escape further debate. Like a salesman's foot or a camel's nose, they require considerable pushing before the whole animal gets inside.

Mr. Johnson, for instance, must still talk Congress into giving him money for the rent subsidy scheme he won this year. As much as liberals argue to the contrary, the federal money voted by Congress

for aid to grade and high schools this year does not mean the lawmakers and the people have endorsed total federal control over local education as a policy. Thus, there's likely to be extremely close scrutiny of an Administration international education plan in the wind as well as other education legislation. Many professional educators as well as supporters of local control over schools fear the idea for international cooperation and standards will bring new federal controls over education here. Others are worried that we already have 42 different and varied federal education programs, some working at odds.

"Too many forces have been let loose in education for this to be a period of marking time," warns Dr. Donald Davies, an official of the National Education Association.

Forces have been let loose also which attempt to cope with cities' ills. But creation of the new Cabinet-rank Department of Housing and Urban Development doesn't mean the issue of federal or local responsibility for renovating blight has been solved. A showdown is expected in 1966 as opponents attempt to block renewal of the slow-moving, largely ineffective federal urban renewal program.

As if fights such as these and long-standing spending debates in Congress in 1966 weren't enough, President Johnson has a batch of top-secret task forces at work divining suggestions for new Administration programs. How Mr. Johnson intends to follow through on their recommendations will come out in his annual spate of January messages to the nation: principally, his State of the Union, budget and economic messages.

But, as legislators and political scientists are quick to point out, the citizen should look beyond these statements to spot the basic issues brewing in the nation. Too often, the delineation of national issues is left to the political Administration in power. This can mean to the politically inclined that battles are fought on the grounds and terms of an Administration's choosing. And to those who simply want a better America this system can mean that many mounting issues or problems are overlooked or pushed aside.

The overshadowing issues

What issues, then, are going to press themselves on the nation in the years ahead?

Overshadowing everything at the moment and into the near-term future, it becomes clear from talks with congressmen and others, is the war in Viet Nam. Not that there's any question about basic U. S. policy in the war; Washington is determined to win the battle for South Viet Nam. The question is rather the effect the war and stepped-up defense spending will have on other programs.

"Congress hasn't been presented the bill for nearly all the increased spending for Viet Nam," confides a liberal Democratic senator. "When the bill is presented, I don't think there is any doubt that you will also see a cutback in government spending on domestic programs." The cost could run to \$7 billion or more in addition to funds already voted.

The point of this is that for the next year or two, Viet Nam is going to be used by groups of all persuasions to bolster their point of view.

This is especially true of thinking about the next cut in the federal income tax. Earlier this year Congress seemed likely to vote another tax cut soon, possibly early in 1966. But Viet Nam expenses may sidetrack that schedule. A tax cut remains a near certainty in the next few years, with the main issues involving who should get what and when.

Problems and issues relating to the sheer numbers of people in the country will grow bigger, rather than smaller, forecasters expect. The problem isn't so much the growth itself but the changing size and composition of groups within the population.

How to match men and jobs

"The biggest bogey, as I see it, is youth unemployment," says Martin Gainsbrugh, vice president of the National Industrial Conference Board. "The baby of 1947 is the job seeker and family head of the late '60's."

"How do you translate these potential resources into productive resources and under whose auspices

TOMORROW'S BIG ISSUES

- *How the war in Viet Nam will affect Great Society spending and future tax cuts.*
- *How unions' political power will be wielded.*
- *How young Americans will be trained and put to work—and by whom.*
- *How to find a useful role for America's growing numbers of elderly.*
- *How the nation's schools can escape federal rule, as they accept federal subsidies.*
- *How to get skilled public servants to run local, state and federal programs.*
- *How to restore respect for law and order.*
- *How to untangle city traffic and resolve national transportation woes.*
- *How to uphold the value of the dollar.*



PHOTOS: BLACK STAR

—public or private? If industry doesn't do it, will government step in and create jobs either by fiat or direct hiring?" The positive side of the problem, Mr. Gainsbrugh believes, is that this labor can be a major resource to areas seeking more industry. Nonwhite youths comprise one of the South's most plentiful resources, he says. And by breaking down skills with new methods and equipment, labor short northern companies may be able to use young workers as a means of boosting production.

Of crucial import in the eyes of Mr. Gainsbrugh and many businessmen is the influence government policies may have on harnessing this manpower. "The country has contrived," Mr. Gainsbrugh reasons, "to raise public and private welfare levels to the point where the gainfully unemployed may be-

gin to think about what they will lose by becoming gainfully employed."

All of this means that a major problem for industry and government in the years ahead will be in the whole field of manpower planning, Mr. Gainsbrugh anticipates.

Why waste experience?

This indicates, too, the growing concern over the role of older people in the nation. The newly enacted scheme of government-run medical care for the elderly was a tentative step in that direction. But the population tables show a growing portion of the population will shift into the upper age brackets.

Providing jobs and other security for these people so they don't become a drag on younger taxpayers will demand increasing attention. Thus, there's growing concern on

Capitol Hill as well as elsewhere that the government avoid tampering with private pension plans and public welfare plans to the extent that they actually discourage older citizens from contributing to growth of the country.

"I don't think the size of the problem has come home to younger taxpayers yet," says Charles Shuman, president of the American Farm Bureau Federation, from behind his desk in Chicago's Merchandise Mart.

Up to now, the main impact of the nation's growing population has been on the schools. The wave of war babies has swept through the grade and high schools with their portable classrooms and split-shift classes. Now it is breaking on the universities.

Perhaps surprisingly, some seers
(continued on page 100)

BAD NEWS FOR UNION BOSSSES



Mail favoring right to work has piled high in the office of Senate Minority chief Everett Dirksen.

"I AM a union man and a Democrat, but I want to keep my right to choose between a union or no union. It's my only chance to protect myself against crooked union officials and those who feel I work for them instead of the company. . . ."

So this Minnesotan scribbled anxiously in a letter to Washington. He is one of thousands of working men and women all over the country who are angry or fearful about the threat to their right to work.

"How can Congress pass a civil rights bill and now consider a law to deprive Americans of their inalienable right to work?" asks a Chicagoan.

"We have lost too many freedoms as it is. Let's not let this one slip away, too," pleads a worker in Georgia.

"I will go on relief before I will pay dues to the union and its goons," storms a woman in Rockford, Ill.

There are more sentiments like these in mailbags full of letters that have been dumped on Congress and the White House this year to protest Johnson Administration efforts to strike down the voluntary unionism clause of the Taft-Hartley Act.

The clause at issue is Section 14 (b). It gives states the power to prohibit union-management agreements under which a person must join a union to hold a job. Nineteen states prohibit such agreements.

The quotes above were excerpted by NATION'S BUSINESS from letters to Senate Minority Leader Everett M. Dirksen, but they are typical of comments directed to hundreds of lawmakers. Senator Dirksen led the successful fight to beat back 14 (b) repeal efforts in the Senate in the first session of the Eighty-ninth Congress.

PHOTO: JON SCHONWAKER

All over the country working people are hopping mad over the proposal to repeal the law that protects jobs

The fight over the right to work is by no means over. Union leaders are clamoring for repeal. The House of Representatives passed a repeal measure this year. Efforts in the Senate were abandoned shortly before adjournment for lack of support. The issue remains the focal point of furious political skirmishing and President Johnson has already warned that overturn of 14 (b) will be a principal target of his legislative program in 1966.

The tonnage and temper of congressional mail in favor of retaining Section 14 (b) is one more reflection of the nation's mood. National public opinion polls have consistently shown the public in favor of retaining the right-to-work laws.

In the office of Senator Dirksen, where the mail pouches have piled high, aides estimate that more than 85 per cent of the correspondence is pro-right to work. The torrent of telegrams, letters, petitions and postcards has been "tremendous," according to one member of the senator's staff. "It rivals the flood of letters we received at the height of the debates on the nuclear test ban treaty and the civil rights law."

The American people, it seems, are not in favor of forced unionism, despite the strident claims of union bosses and union publications. It is a position confirmed many times over in the sometimes emotional, more often calmly reasoned, messages pouring into Washington from union members, ex-union officials, nonorganized workers, businessmen, churchmen, teachers, housewives, college students, doctors, lawyers, pensioners—and even teenagers.

Form letters—a bewhiskered lobbying device—have been surpris-

ingly small in number; most of the correspondence reflects original, highly varied and deeply individual thinking. It comes from both Democrats and Republicans.

Perhaps most surprising is that so many letters urging retention of 14 (b) have been written by union people—people one might expect to favor repeal.

Writers were contacted

NATION'S BUSINESS editors read hundreds of the messages and talked by telephone with many of their writers in communities coast to coast. Some union workers asked the magazine to withhold their names lest they be subjected to insults, harassment or worse, at the hands of officials of their locals.

"I'm afraid they might see my name in your article and get rough," says one AFL-CIO member living in the Kansas City, Kans., area. He had written to Senator Dirksen to applaud his fight for 14 (b) and to argue that it is "the labor bosses, not the members," who are backing repeal.

From the reporting emerges a message which rings loud and clear: Remove the worker's choice to join or not to join a union and you will destroy what many Americans regard as a precious and fundamental freedom.

"I belong to a union and I am proud of it," writes 40-year-old machinist Maxwell H. Nelson of Calion, Ark., in a letter to Senator Dirksen. "But I do not want to see Section 14 (b) repealed. I believe strongly that union membership should be voluntary."

Interviewed, Mr. Nelson—former school board official in his area and a father of two children—says he feels that many union members
(continued on page 98)



Voluntary membership is urged in letter written to Congress by union member Maxwell Nelson.



Mr. and Mrs. George Clinger, whose son is in Viet Nam, see right to work as basic freedom.



Ex-unionist Alvin F. Schmidt, a Miami resident, feels right to work is wanted by most people.

PHOTOS BY: DUNGAN-ALLEN, BOB HANNAH, BOB GELBERG—PIX

Will you pay more to support loafers?

You will if Congress passes Administration's new unemployment compensation plan in 1966

BUSINESS IS GOOD and you need another man. You hire Joe Doakes. But after 20 weeks, Joe quits. You're out a man. But he, in effect, stays on your payroll.

Even though he was not fired, Joe is now eligible to draw jobless pay, and this income is tax-free.

If this leisurely life appeals to him, he can stretch it out. He can turn down suitable employment, even when offered to him, without jeopardizing his unemployment compensation.

You, of course, subsidize Joe's vacation with pay

through substantially higher taxes based on your payroll.

Just a bad dream? No such luck.

This is exactly what could happen if an Administration plan to federalize the states' unemployment compensation programs passes Congress. You would feel its far-reaching effects, no matter which state you operate in, whether you employ one worker or hundreds of thousands.

Operating companies of the Bell System, which paid \$35.5 million in federal and state unemployment compensation taxes last year, would pay at least \$25 million a year more.

Many small manufacturers, on the other hand, say their jobless pay taxes would nearly double.

The unemployment pay proposal is getting employers riled up all over the country, NATION'S BUSINESS found in a national sampling.

Union lobbyists will throw their full weight behind it. Their goal is to get it enacted as soon as possible after the next lawmaking session begins.

On Capitol Hill, this proposal is known by its bill number, H.R. 8282. It is aimed at liberalizing state unemployment compensation programs by imposing federal criteria. An analysis of the proposal shows it would:

- Force states to boost the maximum jobless benefits by about one third.
- Pay unemployed workers for 26 weeks after they've worked only 20.
- Set up a federal program for paying 26 additional

PHOTO BY JIM BROWN—BLACK STAR



Phillip W. Tefft of Columbus, Ohio, says the proposed changes would boost his payroll tax at least 92 per cent during the first full year.

weeks to the unemployed after they've used up their state jobless benefits.

- Extend jobless benefits to some five million more workers.
- Change the rules by which people qualify for jobless pay, enabling a worker to get on public pay simply by quitting a job and stay on by turning down other job opportunities.
- Boost payroll taxes substantially—double, in some instances.

In addition, Washington would dole out subsidies—called “nonrepayable grants”—to finance two thirds of the “excess costs” of state programs. The increased cost of these subsidies would be financed two ways, both of which add to taxpayer burdens. Half would be paid by higher taxes based on the size of the employer's payroll. The other half of the increased cost would be appropriated out of general federal tax revenues.

State taxes on payrolls also would rise substantially, but by varying amounts from state to state, depending on the kind of program in the state.

The current tax rate in most states is \$3.10 per \$100 on the first \$3,000 of each covered worker's annual pay. Out of that, the states are allowed \$2.70 and Uncle Sam gets 40 cents. The measure before Congress would raise the federal share to 55 cents.

But your costs as an employer would be jacked up in other ways. The wage base on which the tax is levied—now \$3,000—would go up to \$5,600 in 1967 and rise again to \$6,600 in 1971.

Businessmen criticize bill

A nationwide survey reveals how sharply businessmen and women disapprove of the proposed federalization of the states' unemployment compensation programs.

For example, one small businessman says: “This is the worst law that has ever been proposed. It penalizes every employer and places a premium on the bad qualities of employees.”

A small Pennsylvania manufacturer declares: “Nuts! A man should be expected to work for a living, not just loaf and still get paid.”

Take a specific business, The Claycraft Co. in Columbus, Ohio. It has 325 employees engaged in the manufacture of structural clay products. Its president, Phillip W. Tefft, declares that passage of the proposals would “increase our unemployment compensation taxes by 92 per cent.”

Mr. Tefft is also alarmed over the social implications of the proposal. “We are inclined to believe the worker's incentive to keep his job will be virtually destroyed,” he says.

Walter L. Fish runs Eck's Garage in Williamsport, Pa. He has 10 employees and has operated his business about 10 years, although the firm has been a going concern for about 35 years. He tells NATION'S BUSINESS that the proposal before Congress would “eliminate the possibility of lowering our costs at all.” He calls the bill a “ridiculous giveaway.”

He comments: “This bill is fantastic. We have already progressed a long way toward creating a na-

tion of lazy moochers who will never work as long as someone else will feed and shelter them. This bill will cause the trend to snowball into a national disgrace.”

A small businessman in Hot Springs, Ark., Samuel H. Kirsch, who owns the Aristocrat Motor Inn and has about 80 employees, sees plenty of trouble ahead if the proposed changes are approved.

Explaining just one of the problems, he says: “We need help now and can't get people because they are receiving unemployment benefits after working.” To

How to estimate potential increases in your unemployment compensation tax costs

	UC TAX COSTS	
	Present law Column 1	H.R. 8282 Column 2
1. Your present total annual payroll	\$ _____	\$ _____
2. Column 1—Total annual wages exceeding \$3,000 for each employee.	_____	_____
Column 2—Total annual wages exceeding \$5,600 ^a for each employee.	_____	_____
3. Line 1, minus line 2.	_____	_____
THIS IS YOUR TAXABLE PAYROLL		
4. Multiply line 3 by rates on this line. (current & proposed Federal UC Tax rates)	x .004	x .0055
5. Insert answers on this line.		
YOUR FEDERAL UC TAX	\$ _____	\$ _____
6. Insert your present company State UC tax rate under both columns.	_____	_____
7. Multiply line 3 ^b in both columns by rate on line 6. YOUR STATE UC TAX	\$ _____	\$ _____
8. Add lines 5 and 7 in both columns.		
YOUR TOTAL FEDERAL & STATE UC TAX	\$ _____	\$ _____
9. Insert line 8 of Column 1.	_____	_____
10. Subtract line 9 from line 8.		
THIS IS THE ADDITIONAL UC TAX YOU WILL PAY IF H.R. 8282 IS ENACTED		\$ _____

^a H.R. 8282 provides for tax on first \$5,600 for 1967-1970 and increases to \$6,600 in 1971 and thereafter.

^b The following states currently have a state taxable wage base in excess of \$3,000: Tennessee \$3,300; Arizona, Delaware, Idaho, Massachusetts, Michigan, Nevada, Oregon, Pennsylvania, Rhode Island, Vermont, and West Virginia \$3,600; California \$3,800; Hawaii, and Utah \$4,200; Alaska \$7,200.

The wage base in line 3, column 1 must be recomputed for the 15 states with a state wage base above \$3,000 and not in excess of \$5,600. For this recomputation, substitute in line 2, column 1 the total annual wages exceeding your state wage base for each employee. Then subtract to determine taxable wage base for applying your present state UC tax rate in line 7, column 1. Multiply your state taxable payroll by your state UC tax rate, and enter the result in line 7, column 1.

Will you pay more to support loafers? *continued*

give the free-loaders more benefits will simply make it more difficult for small businessmen to continue to operate, he says.

S. A. Edmiston, with 10 employees in his Crockett, Tex., bottling company, tells NATION'S BUSINESS that the added tax burden will "come just a little bit closer to putting us out of business." In addition, he says, more free gifts to workers will make them less inclined to want to work. He explains that he has seen people work a little while and purposely lay off because they can "get by on some kind of government check." The bigger the check and the longer the period of payments, the more some people will take advantage of the situation, he adds.

The number of "governmental millstones tied around the neck of American business now is about to drown the little fellow," comments a small business operator in Milwaukee.

The proposed legislation could put some firms completely out of business. George O. Krill, employer of 125 people in his Baltimore trucking firm, expresses this view. He believes "the federal government should keep its nose out of the state unemployment programs." The federal government, he says, "is taking over too many things from the states now, and it's about time to put a halt to it."

Mr. Krill tells NATION'S BUSINESS: "This proposed bill would increase the cost of operations terrifically and could force some companies out of business. Companies working on a small margin would have to increase their charges for services. This would in-

clude almost every trucking company in the country, and most other companies as well, thereby forcing prices up."

He describes a current problem he is facing. A worker walked off the job a few months ago because he didn't like the shift to which he was assigned. Jobless pay going to this worker is still being charged against the Krill Trucking Co., although a job was available for him. Raising jobless benefits would only add to the cost of "keeping a lot of people unemployed who don't really want to work."

The first proposals for a jobless pay program were introduced in Congress and in several state legislatures in the 1920's. Wisconsin in 1932 became the first to enact such a program.

As the depression put more and more people out of work, President Roosevelt set up a committee "to study problems related to economic security of individuals."

States given leading role

Out of this grew the idea of creating a state-federal cooperative system of paying jobless workers during periods of hardship. The states were given the primary responsibility for developing systems of their own. The role of the federal government was limited principally to managing reserve funds.

The concept of this cooperative arrangement was founded on the belief that states could best tailor their own programs to fit local and regional conditions. The Social Security Act of 1935 set the idea in motion, with a payroll tax to be imposed on companies with eight or more employees. Within two years all states had enacted laws setting up jobless pay programs designed to meet local and regional needs.

The next step was to begin a series of changes—or liberalizations—in the laws. Coverage, for example, was broadened to include employers with four employees instead of eight. It is proposed now that this be cut to one.

Benefits of almost \$40 billion have been paid out since the program started. About 42 million Americans are covered under state programs. Others have been excluded because of similar systems which duplicate jobless pay provisions.

Average weekly benefits have gone up from \$10.66 in 1939 to \$36 a week now. Under current rules, an unemployed worker could get up to \$1,800 in jobless pay in Wisconsin and more than \$1,500 in some other states. Under the new proposals, a person may receive considerably more, with weekly pay extended up to a full year.

An inescapable feature of this proposal is that the whole program would cost a great deal more.

Through the years, the funds held in trust for the states by the federal government for unemployment benefits have grown substantially. The balance currently is close to \$8 billion. It will rise to an estimated \$8.2 billion by next June. This balance compares with \$6.3 billion at the end of 1963.

If the higher tax is approved, the fund would not necessarily grow larger. During any future business recessions, for example, the tax revenues may tend to decline at the same time pay-outs to the jobless

PHOTO BY MARC ST. GIL—BLACK STAR



S. A. Edmiston, who operates small business in Crockett, Tex., believes added tax burden would force many firms to go out of business.

would be soaring. On the other hand, the real intent of the higher tax—changing both the rate and the base against which it is applied—is to finance substantially more benefits, both in time of boom as well as recession. Even more controversial are the proposals to establish federal control over those factors which determine tax costs on business and the permission to states to abandon the experience rating.

As to higher tax costs, a small Pennsylvania manufacturer points out that his federal unemployment tax would go up 40 per cent the first year. "By 1971," he adds, "when the full impact of the contemplated increase is in effect, the tax cost per job—paid entirely by the employer—would be up 170 per cent."

He considers the present state-federal cooperative arrangement eminently satisfactory. Improvements

amount of benefits paid to former employees. This is called his company's "experience rating." The company's tax rate may be reduced when it has stable employment and reduced layoffs.

This bill takes the first step toward abolishing the experience rating.

The higher cost of putting the new jobless pay proposals into force would hit nearly every businessman, regardless of size or kind of company. A small manufacturer in Ohio estimates that his company's taxes would go up \$70,000.

Larger companies would be hard hit as well. A telephone company official says the Bell System operating companies paid \$35.5 million in federal and state unemployment compensation taxes last year. If H. R. 8282 is enacted into law, these taxes will jump a minimum of 70 per cent, or some \$25 million, and could go up as much as \$50 million.

A businesswoman in Winona, Minn., deplores not only the higher taxes but adds: "We feel that we are fast becoming a welfare state, with more power vested in the federal government than is right or safe."

"We are a small business with only 60 employees. However, it takes our bookkeeper at least two days every month now to keep books for the federal government."

There are plenty who agree with her, like the small Wisconsin manufacturer who says: "You can be assured that business failures will increase by leaps and bounds."

P. A. Jordan, who employs 14 people in the small wholesale trade business he owns and operates in Dothan, Ala., is another who looks for business failures to rise. It is already hard enough to get good employees and keep them working, he says. Liberalization of benefits would lead only to increased unemployment in his area.

General Electric Co., with well over \$5 billion in sales, agrees that H. R. 8282, if passed, means higher taxes. G.E., which last year paid \$19 million in unemployment taxes, estimates that the proposals in Congress would "double the corporate federal unemployment taxes over the next three years."

And it would force all states to conform to national benefit-eligibility standards despite widely varying regional conditions.

While an overwhelming majority of men and women in business agree heartily with unemployment pay as an economic stopgap, opposition to the proposals now expected to get top priority rating in the next session of Congress is equally overwhelming.

R. B. Jewell, vice president and chief engineer of the Lexington, Ky., firm of Mason & Hanger-Silas Mason Co., Inc., is appalled at the provisions of the proposed legislation. Operating plants in eight states, this firm employs 5,500 people.

"If unemployment compensation is to be changed, let it be with a positive program to stimulate fruitful activity with minimum use of idleness compensation."

A Texas businessman sums up the view of many: "If we have many more 'gimmies' crammed down our throats, there will not be enough queen bees to carry all the drones."

END

PHOTO BY DENNIS BRANCH—BLACK STAR



George O. Krill, who runs trucking company in Baltimore, says federal government should keep hands off state unemployment programs.

have been made over the years to keep pace with changing conditions.

Ellis B. Delp, a community leader in Lansdale, Pa., feels the same way. He is mayor of his city. He also is owner and president of a trucking firm, the Lansdale Transportation Co., Inc., which employs 225 people. He tells NATION'S BUSINESS that employers in his state have worked long and hard to bring about reforms and to put the unemployment compensation fund in the black.

"I deplore paying for mismanagement by other employers," he says. "I do everything possible to hire and keep good, qualified employees in order to get good production and also to keep my unemployment compensation tax rate as low as possible."

"I feel very strongly about keeping the fund from being controlled by the federal government. If this happens, there will be no control whatever in keeping undeserving employees from collecting unemployment pay."

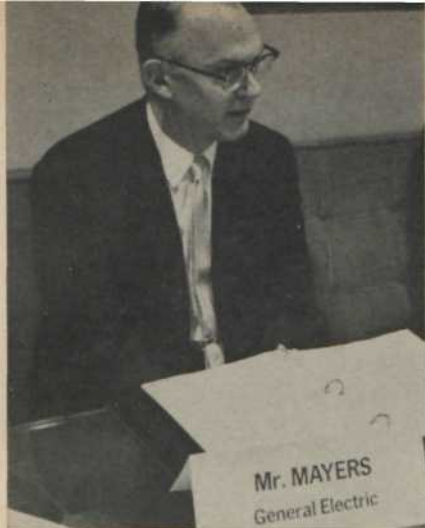
A unique feature of the present system permits a state to reduce an employer's tax rate under certain conditions. The employer is rated according to the

WHAT'S NEEDED TO KEEP NEW PRODUCTS COMING

A conference of experts explores
challenges to U. S. patent system

PHOTOS: CHARLES ROTKIN





Mr. MAYERS
General Electric

HOW CAN WE stimulate the new ideas so vital to economic growth?

New inventions mean new businesses and new jobs. Some politicians want the government to take title to ideas developed under federally financed contracts. This would mean no one would have any proprietary interest in inventions growing out of government-sponsored work, which represents a large

proportion of the nation's research and development effort.

Our traditional patent system which protects the rights of businessmen and inventors is essential in maintaining this country's high rate of innovation and technological advance. This is the conclusion of six patent experts NATION'S BUSINESS asked to discuss our present system.

These experts stressed the high financial risks involved in developing new products. Proposals for compulsory licensing of inventions and the charge that patents are used to suppress useful inventions also were discussed.

Now in its 175th year, the U. S. patent system is being carefully scrutinized by two high-level groups—a Commission on the Patent System named by President Johnson and a Senate judiciary subcommittee headed by Sen. John L. McClellan.

Here are the authoritative opinions which came out of the NATION'S BUSINESS conference:

MR. HOLST: At the outset, it seems to me very desirable that people should understand that patents, copyrights, trademarks and trade secrets all are a form of intangible or intellectual property which make significant contributions to the economy and are protected by law in various ways.

It is very important, however, that people realize that these alternative forms of protection have entirely different consequences to the public. For example, under the patent system an inventor, in exchange for giving a clear, workable description of his invention, is given limited protection, limited both in scope and time.

Should such an inventor or his employer choose to use the trade-secret method of protection, there will not be the clear description of the invention which becomes public from the very beginning and therefore is an open book to the world, including competitors, to see how his innovation was made.

Patent policies which do not afford adequate protection to patentees may well lead to an increased reliance on trade secrets. Should this come about, an entirely different environment will be created from the open industrial society in which we have been operating.

MR. MAYERS: I would like to speak particularly to the issue of

how the patent system actually affects the functioning of our economic system. Research in itself does no economic good, and the results of research perform an economic function only when they show the way to goods or services that society values. Much research merely indicates that certain materials or equipment, if made available, would be useful. Privately owned patents provide part of the incentive required for business to make them available.

MR. HOLST: Do you mean that without patent protection there would be some degree of reluctance to bring things on the market or to incur the expenses necessary to commercialize?

MR. MAYERS: That is precisely the point. The making of the invention in a conceptual way is very far from putting the invention on the market. The major costs of the development are still to be incurred in solving the practical problems required to get the invention to the public in a beneficial way.

MR. HOLST: I believe a general rule of thumb is that for each dollar of research or development about \$10 has to be spent in bringing the development to the stage where it can be marketed and something like \$100—a hundred times the original cost—in producing the plant, the marketing effort and inventory and all the steps necessary actually to bring the goods and services to the public in a way that will do any good.

MR. O'BRIEN: The patent serves
(continued on page 101)



Mr. HOLST
Arthur D. Little

This article presents the views of six authorities in the patent field, brought together by Nation's Business to take a searching look at how our present system is working and what changes are needed.

Helge Holst, corporate counsel of the research firm, Arthur D. Little, Inc., acted as moderator of the discussion.

Members of the panel were:

John L. Gray, general counsel for the Battelle Memorial Institute and vice president and general manager of its subsidiary, the Battelle Development Corp.

Harry R. Mayers, general patent counsel for the General Electric Co.

Gerald D. O'Brien, new assistant commissioner of the U. S. Patent Office and former assistant general counsel for patent matters for the National Aeronautics and Space Administration.

J. P. Perry, inventor and president of the Eastern Rotorcraft Corp.

Gilbert R. Shockley, general director of the Product Development Division of Reynolds Metal Co.

BALANCING ABILITY WITH HUMILITY

A conversation with Sidney J. Weinberg of Goldman, Sachs & Co.
The candid story of how he made it from Brooklyn to Wall Street.

FROM assistant porter to senior partner.

That's the story of Sidney J. Weinberg, who started at \$3 a week and rose to top executive of Goldman, Sachs & Co., New York investment banking firm with perhaps more commercial customers and a broader-gauged operation than any other organization of its kind.

The firm dates from 1869 but its success during the past three and a half decades can be traced largely to the policies and leadership of Mr. Weinberg.

Mr. Weinberg's formal education was meager. He enjoys boasting about having completed only grammar school, at Public School 13 in Brooklyn. But he is widely regarded as one of the most astute and influential practitioners in the world of business and finance.

Now 74, Mr. Weinberg has played a unique role in business history. He has served as a working member on the boards of directors of more large corporations than probably any other man. And his influence on the policies and operations of corporations has been widely felt.

He has been a personal friend and confidant of the past five Presidents of the United States. He also once was police committeeman in Scarsdale, N. Y., where he lives with his wife Helen. And he has even served as a volunteer fireman. He was awarded the distinguished Medal of Merit for his service in government

Problem-solving in the executive suite usually takes a special wisdom acquired through long years of getting answers and results. Nation's Business brings you another in the series, "Lessons of Leadership," presenting the accumulated knowledge of respected American business statesmen and told in interviews with our editors.



PHOTO BY ROBERT PHILLIPS

BALANCING ABILITY WITH HUMILITY *continued*



during World War II. Mr. Weinberg, in a somber suit, a gold chain lapped across his vest, reminisces about his career of advising a generation of captains of industry.

How he rose from the lowest job in the investment banking firm of Goldman, Sachs & Co. to the highest is explained in this conversation with an editor of NATION'S BUSINESS:

Mr. Weinberg, how did you happen to go to work for Goldman, Sachs & Co.?

It was fate. When I was around 15 I was working in a flower and feather house.

One day, a friend of mine told me there was a panic in Wall Street. This was in November 1907. A panic meant no more to me than if you said it was raining. I didn't know what it meant. I didn't know anything about Wall Street, except what this fellow told me. He was a runner for a bank.

He said that the day before he had made \$5, not at his regular job but standing in line in front of a bank that was having a run. I was getting \$3 a week at that time.

I went with him and we stood in front of the same bank. We yelled out, "Anybody want to buy our place?" That was about 7:30 a.m. We were the first two in line. By the time it got to be around 10 o'clock, there was a long line of frantic depositors. We sold our place, and then we ran to another place. That day I made \$10.

I said, "This is a cinch. All you do is stand in line and yell. It is very simple to make \$10 for one day."

The next day we went back to the same place, but the bank didn't open. It had failed.

Well, after the banks had failed, I had no job.

I had burned my bridges with this flower and feather house. My friend said, "I will see if I can get you a job at the brokerage house I am working for." But they didn't seem to need a man with my abilities.

After that he suggested I might get a job with Western Union. They needed delivery boys in the cellar of the New York Stock Exchange. So I took the job. They gave me a uniform hat to wear and I ran all around Wall Street delivering messages. I didn't know any of the streets and was very confused. My mother advised me to get a different job.

The next day I went to 43 Exchange Place. I thought I'd start there because I had delivered messages there. I determined that I would start at the top floor. There were 30-odd stories in the building and I would go into every office and ask if they needed a boy. I must have started around a quarter of eight. A lot of people took my name but said, "We don't need any boys." I got down to the third floor, and came to Goldman, Sachs & Co. at six o'clock at night. They had a window like a bank in the old days. I went to the window. I said to a man who was there—Mr. Morrissey, the chief clerk—"Do you need a boy?"

He yelled to somebody in the other end of the room, "Jarvis, do you need a boy?" Jarvis said, "I could always use a boy."

He was the head porter. They had one porter, so he was the head porter. He was a colored man who later became a great friend of mine. He took care of all of the partners' offices, cleaning inkwells, cleaning rubbers and polishing high hats. Partners wore high hats and cutaways in those days.

Mr. Morrissey said come back the next morning. So I became the assistant porter of Goldman, Sachs & Co. on Nov. 17, 1907. I have been with them ever since. You couldn't get a lower job in the firm.

That is how I became connected with Goldman, Sachs & Co. I rose to be its senior partner in 1930, which position I still hold. Being a private partnership, we have no mandatory retirement.

How did you get from assistant porter to head of a successful firm like this?

I don't know that there is any formula. I was ambitious and I liked the business. I was a hard worker. I came from a poor family and a very poor neighborhood.

You grew up in Brooklyn?

Correct. Juvenile delinquency started in our neighborhood. In fact, I often wondered how my brothers and I all avoided it; I will never know. But I was ambitious and I worked hard. Everything I did, I did hard. My mother was a great influence.

She believed in the virtues. She taught us all honesty, hard work and thrift. Even at \$3 a week, which Goldman, Sachs paid me, I saved money. I always tried to better myself. I never went beyond grammar school. I took *(continued on page 88)*

We don't send a boy to do a man's job

(or vice versa)



If you want off-highway equipment that's going to do a job for you, you don't want it "overtransmissioned."

Or "undertransmissioned."

You avoid the problem when you pick equipment with Allison Powershift.

We use the "custom-tailoring" prin-

ciple to make over 1100 different models. We have a torque converter to match almost any make and model engine, 70 to 800 hp.

And behind the torque converter we add gear trains in an integral package to give you the most compact, rugged, dur-

ability-tested Powershifts on the market.

So you get the right transmission for the right job.

Precisely.

It's one of the things that separate the men from the boys in the heavy-duty equipment business.

Allison Powershift

Allison Division of General Motors, Indianapolis, Indiana 46206



A LOOK AHEAD

How stores will boost sales

(Marketing)

Spring dollar crisis due?

(Foreign Trade)

Where states cut paperwork

(Taxation)

What people will buy on credit in '66

Increase in consumer credit outstanding during year

Autos	up \$1 billion
Major appliances	up \$1 billion
Personal loans	up \$1.5 billion
Noninstallment credit	up \$1 billion

Source: National Consumer Finance Association

AGRICULTURE

Drought? What drought?

Best autumn water conditions in years in most of country may undermine government schemes for cutting farm production next year. As a rule, the better the water supply, the bigger the output per acre.

Only northeast coastal strip from Virginia to Maine suffers from too little precipitation. From Rockies to Pacific, water in reservoirs and mountain snowfalls promise best conditions in 10-15 years, Agriculture Department reports. Midwest has had more rain than it needs. Cotton states anticipate plenty of water for more record yields.

CONSTRUCTION

New generation of hospitals will contain more expensive equipment; administrators will face new pressure to use it fully.

You'll see the results in financing proposals, fund drives.

Designers plan for bigger outpatient clinics. These call for more X-rays, lab equipment, other complicated diagnostic machines. More doctors send patients to hospitals for odd-hours emergency repairs. Medicare will boost diagnostic demands, planners figure. One New Jersey hospital now does all lab

work for local doctors. Operating rooms install more elaborate equipment for complicated work doctors have learned to perform—brain, heart, orthopedic surgery, for instance. Some new suburban hospitals install equipment to serve city doctors who operate there one or two days a week.

But many operating rooms lie idle too much now. Main reason is that doctors like to operate in a.m., keep office hours in p.m.

Funds involved are vast. Today's hospitals cost about \$30 a square foot, allot 800 square feet per bed. That's \$2.4 million for a 100-bed hospital. Public Health Service estimates nation is now short 991,000 hospital beds, mostly for mental and long-term care cases.

CREDIT & FINANCE

Neat homes and beaming auto dealers foretell another big year in 1966 for consumer credit.

Why neat homes? They indicate the unriskey credit risk.

"All you have to do to check credit is cruise the streets," says a top official of one of nation's biggest store chains. "People who keep up their homes are a good risk every time. And more homes are being fixed up all the time."

Consumers today discipline them-

selves extremely well, say lenders. Most people buy on basis of total they can afford to pay per month.

Anticipation of another big new car sales year underlies forecasts of new increases in lending. Car financing accounts for about one third of consumer credit outstanding.

Total consumer credit outstanding will rise to about \$85 billion at end of this month and soar again to \$91 billion by end of 1966, predicts S. Lees Booth of National Consumer Finance Association.

He figures next year will see jockeying in who does the lending:

"Commercial banks may not be as interested. . . . [But] savings and loan associations and mutual savings banks, given the small increase in mortgages that is projected, may well push hard for legal authority to finance consumer durable goods."

FOREIGN TRADE

Here's warning of new worries over the dollar. It's from a banking official who's in close touch with European financiers.

Watch out for new pressure on the dollar and U. S. gold reserves next spring. Reason: Confidence in the British pound is likely to face new strains resulting from U. K.'s economic troubles about then.

The pound's troubles probably

will slop over on the dollar. Be ready for new clamor for further restrictions on U.S. investments abroad. Savvy businessmen here caution there's no need for panic or new government restrictions.

European central bankers still need convincing about dead seriousness of Americans to conquer balance-of-payments deficit and halt the gold outflow, this insider believes. They still think government should let interest rates rise.

LABOR

Size and shape of Americans hold growing importance for employers, managers, clothing designers, architects, to name a few. Here's what a new government survey of civilians 18 to 79 finds:

U. S. men average 166 pounds dripping wet. You are heaviest in middle years—35 to 54—then taper off. Weight-watching apparently puts off women's maximum poundage another decade beyond men's. The average woman weighs 140.

Height: Men average 5'8", are tallest—almost an inch more—at 25 to 34 and then shrink. Shrink? Right. Arthritis, problems of aging are to blame. Women average 5'3". When sitting, the average man slumps one and one-half inches. The younger and taller you are, the more you slump.

Racial and ethnic differences do exist, the survey confirms. Swedes average taller than Italians; Negroes tend to have longer limbs than whites do.

More affluent, better educated folks tend to be larger than the less educated poor. The main reason is probably superior nutrition for the better-off when they're children, says study.

MARKETING

Retailers ready new products, new services to keep buying boom going after Christmas splurge ends.

Sears, Roebuck will test-market

early next year a new house-cleaning service. Crews would clean house, wash walls, paint, resurface floors, check heating system, install or remove window air conditioners, depending on season.

The main problem, worries George A. Struthers, vice president, merchandising, may be in finding workers, rather than shortage of customers.

Marshall Field & Co., the big Chicago firm, accelerates traditional policy of import-buying. Tiffany & Co. sets its designers of jewelry, china to work in higher price brackets.

Myron Silbert, Federated Department Stores, Inc. economic seer, forecasts a four to five per cent jump in retail sales during first half of 1966 over a year earlier. That's despite jolt to people's pocketbooks from higher Social Security taxes starting next month. A \$7,000-a-year man will find his take-home pay cut about \$100 a year.

Some storekeepers plan harder plugging of post-Christmas clearances to ease shock.

NATURAL RESOURCES

How about a big dish of Krispie Koalies made from coal with bananas for breakfast tomorrow?

Yes, that's a bit outlandish. But scientists at the U. S. Bureau of Mines have found certain yeasts thrive on chemicals made from coal and can produce protein faster than a corn-fed steer can. The resulting tasteless flour may be used in future as a protein supplement in such foods as breakfast cereals or as a livestock feed, say scientists.

Cost is the main problem.

"We can make a lot of things," sighs one scientist. "But we run up against the fact that you can usually make it cheaper from petroleum."

TAXATION

You'll see more similarities in many states between state and federal tax procedures and forms. States are

trying to cut cost, confusion for business and other taxpayers by standardization.

Southeastern states' tax administrators develop a combined state-federal W-2 (withholding) form for use by employers. Many of the 36 states levying individual income tax make sure definition of taxable income is identical with Uncle Sam's. New York state adopts an income tax form almost identical with federal form.

Similarly, state auto administrators make headway toward unified drivers' license system. Goal is set-up in which driver would need license only from state where he lives, surrendering license when he applies for one from another state. Some 19 states have signed a compact to carry this out. Driver's record would go on master computer file. One problem: terminology. States now use over 20 different terms for drunk driving.

TRANSPORTATION

It's often forgotten that some commuter railroads make money, despite troubles of roads in big northeastern cities. Chicago and North Western Railway's success provides look-ahead hints for some.

The North Western's commuter service which hitches 60 suburbs to Chicago will make money in 1965 for third straight year. Road has invested \$50 million in new equipment since 1958. Trains keep precise schedules.

A key element is marketing strategy.

North Western sponsors helicopter traffic reports for rush-hour motorists. "As you're driving on the expressway, consider," urges an announcer, "who's going to be wrecked first, you or your car?" A market research firm interviews train, car commuters for ideas. Sleuths note license numbers of cars from commuting area parked downtown, find out owners and quiz them on why they don't ride the train.

GOOD NEWS FOR TAXPAYERS

Top lawmaker explains



Will it be simpler to pay your taxes in the future?

Easier paying is forecast by the head of the tax-writing committee in Congress, Rep. Wilbur Mills. In this definitive article on future tax policy, Representative Mills indicates the study of proposals that will:

- ▶ Make tax regulations easier to understand.
- ▶ Speed up processing of tax returns.
- ▶ Raise the ceiling on the standard deduction so taxpayers with higher incomes can choose it instead of calculating their deductions.
- ▶ Or eliminate the standard deduction and cut income tax rates by 10 per cent or more for those willing to forego itemizing their deductions.
- ▶ Or drop the standard deduction, cut tax rates by 10 per cent or more and permit you to make deductions only above a certain level.
- ▶ Or give you the option of paying your taxes at a substantially lower rate, provided that you give up practically all the deductions, exemptions and other techniques for reducing your tax load.

PHOTO BY YOICHI OKAMOTO

plan for simpler taxpaying

Exclusive article

by Chairman WILBUR D. MILLS

House Ways and Means Committee

THE NATION has been through an unprecedented period of major tax revision and reduction. With the investment credit, new depreciation guidelines, individual and corporate income tax and excise tax cuts, we have reduced the tax take by more than \$20 billion in four years.

At the same time that we have reduced taxes, we also have been able to increase revenues through a higher growth rate in the economy. This has been possible because we have lessened the tax restraints on the private sector.

Certainly, the continuous 58 months of favorable business conditions suggests that the tax reductions have been wisely employed.

I believe it doubtful, however, that we can afford another tax reduction in 1966. The rise in expenditures for our military effort in Viet Nam, as well as for other requirements—despite the close checkrein that President Johnson has maintained on them—represents an important obstacle in the way of tax reduction.

Moreover, the continued decrease in the rate of unemployment and the rise in the utilization of plant and equipment indicates that substantial tax cuts in the near future are not necessary and might lead to the danger of inflation.

Door not barred to tax cuts

I do not intend to foreclose the consideration of tax reductions in 1966. Circumstances frequently have a way of changing. Nevertheless, as of now I doubt that in the period immediately ahead we will be involved primarily with tax reduction.

With regard to tax reform, in my opinion, much was accomplished in the Revenue Acts of 1962 and 1964.

In these acts we substantially increased equity among business organizations and other groups of taxpayers.

While we will continue to consider major tax reforms, nevertheless, in my opinion we have reached a stage when we need to begin placing greater emphasis on simplifying our tax laws.

I believe we now need to consolidate the gains already made. We need to review the actions taken to date to see what simplifications are desirable.

This does not suggest the foreclosure of major reductions or reform proposals. These undoubtedly will also be considered from time to time in the future. In fact, we are already engaged in several areas of study of major reform which could well result in legislation either next year or in the next Congress.

I am referring here to problems such as those we have already asked the Congressional and Treasury staffs to study: namely, the tax treatment of private foundations, the tax treatment of the sale of a business to an exempt organization which, in turn, pays for the business out of future earnings, the tax treatment of treble damage payments in the case of antitrust violations, and the tax treatment of foreign corporations and nonresident alien individuals.

Other areas in which the committee has already expressed interest include the provisions relating to the relative priority of tax liens and the maximum limitation in the case of the investment credit. We will, I am sure, consider still others in the period ahead.

Why tax laws are complex

But in the future we must place increased emphasis on the simplification of the tax laws. Of course, there are many valid reasons

FOR TAXPAYERS

continued

accounting for the complexity of our tax laws. The ever increasing complexity of our society and the increasing number of variations of business enterprises of necessity require many complexities in our tax laws.

For example, the various ways in which corporations can be liquidated, merged or reorganized make it necessary to maintain an intricate set of rules governing these various types of actions.

The tax laws have also become complicated because in enacting specific provisions, we have emphasized the accomplishment of immediate objectives. Sometimes I believe we also have become too engrossed in covering every possible avenue of tax escape, while on other occasions, I suspect we have been too concerned with covering very fine points of equity. Often these excesses may well be inevitable at the time legislation is initially adopted, because of the pressure under which we operate. Perhaps we can overcome problems of this type best by taking stock of our actions sometime after the initial action when we have better perspective.

Still another factor which undoubtedly accounts for much complexity in our tax laws is the very nature of the legislative process. While the suggestion that the art of legislating is the art of compromise is a well-worn phrase, nevertheless, there is much truth in it. Much of the legislation passed, tax or otherwise, is obtained only by synthesizing varying points of view. Frequently, these differing points of view develop at different times during the various stages of the legislative process. As a result, legislation may start in one direction and then through a series of modifications be materially changed until the end product differs substantially from the initial proposal. Consequently, in some cases, it may be possible to find a solution for the end result which is simpler than the one achieved by adding the series of modifications to the initial provision.

The foreign income provisions we adopted in 1962 may well be an instance in which complexity developed because of shifting policies over the period of legislative consideration. The use of the minimum distribution provision, adopted late in the consideration of these

provisions, suggests, for example, that some of the other alternatives accepted earlier in the consideration of the foreign provisions may not now be necessary.

Still another complicating factor in our tax laws arises from the addition year after year of new provisions. Moreover, in adding these provisions we seldom have the time to go back through the existing compilation of tax laws to see how many of them are no longer necessary.

Law can be made simpler

Among tax sophisticates probably the most popular view is that the increasing complexity of the tax laws is an inevitable phenomenon and that the complexity will, apparently forever, keep increasing as a snowball rolling down a hill.

I cannot subscribe to this view. I do not believe that we dare allow ourselves to adopt a hopeless point of view on this issue of simplification of the tax laws. While we may not achieve "simple" tax laws as such, I believe that with effort we can make them far more understandable (or far less complicated). At the very least, we ought to be able to slow down the rate at which complication occurs.

If we are to achieve a simplification of our tax laws, I suppose the first question is what do we mean by simplification and then how can we attain it. I do not pretend to know the full answer to either of these questions; nevertheless, I have in mind some general ideas or guidelines which I have asked the congressional staffs and the Treasury to explore.

I recognize, of course, that the term "tax simplification" means different things to different people. In using this term here, I am not thinking basically of major substantive revisions of the tax law. I recognize, of course, that there will continue to be—probably always will be—a need for major substantive reform and that it may well be that such reform will, in many cases, achieve a substantial simplification.

Three ways to simplify

I have divided the kind of tax simplification I have in mind at this time into three basic categories:

1. That designed to simplify the Internal Revenue Code itself.
2. That designed to simplify the tax returns or statements taxpayers are required to file.
3. That designed to ease the problems of taxpayers in complying with

the law and of the Internal Revenue Service in enforcing the laws.

First, let me outline what I have in mind with respect to the changes in the Internal Revenue Code itself. We need, from time to time, to go through the Internal Revenue Code and chop out the dead wood. Many times provisions are added to the law which have special impact at the time of their adoption but are unlikely to have wide application later on. Oftentimes amendments of this type meet specific problems but are subsequently seldom, if ever, used again.

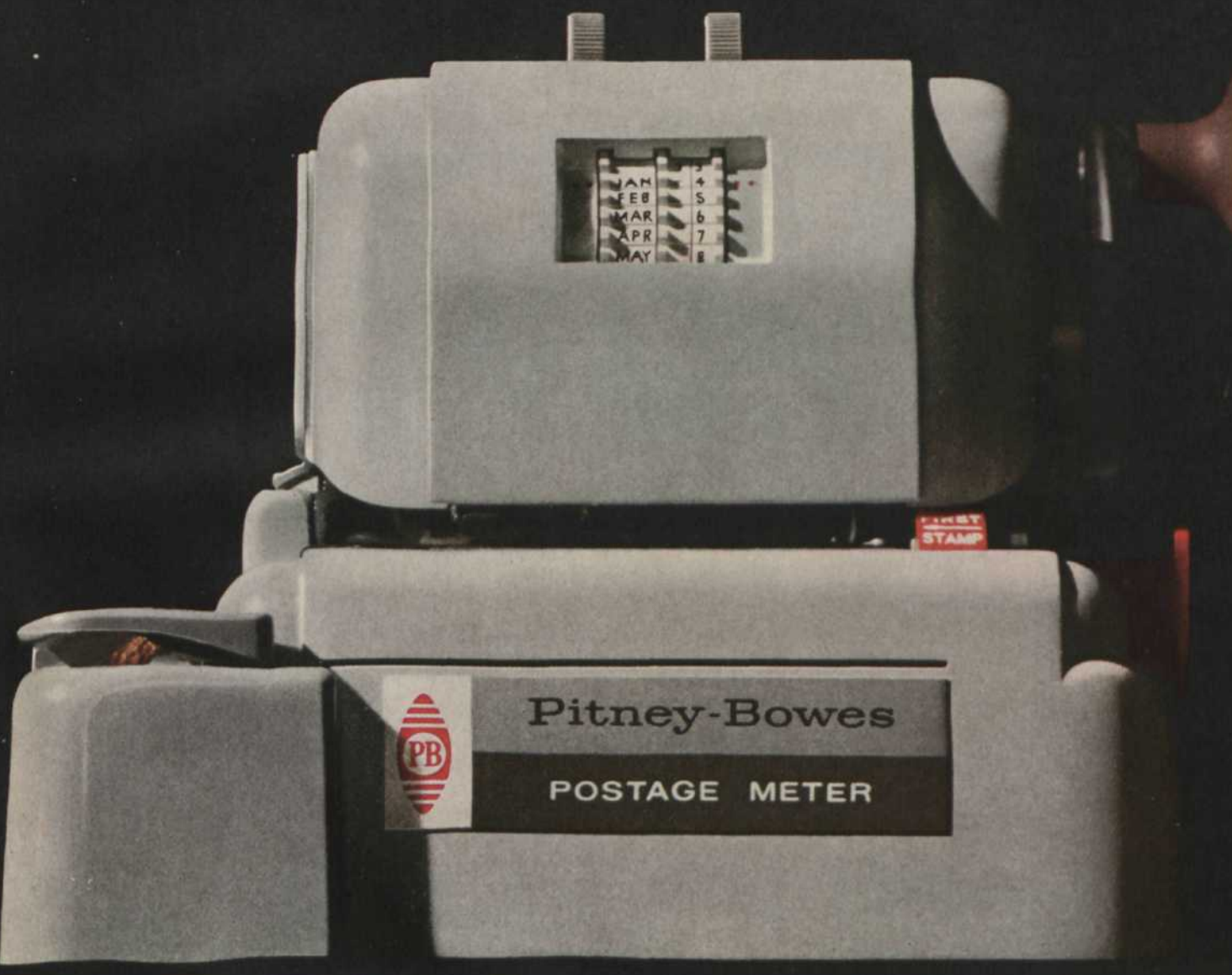
Without attempting to pass on the appropriateness of the adoption of these specific provisions in the first place, let me list two examples of the provisions which might well be deleted now.

One example of a provision of this type is section 1240 of the Internal Revenue Code, dealing with the taxability of employees on their termination payments. This provision provides capital gains treatment for termination payments where an individual after 20 years of employment assigns or releases all of his rights to receive upon retirement a percentage of profits for a period of five years or more. Not only must the individual have 20 years of employment and have the right to receive a percentage of profits for more than five years, he must also have had the right to receive this amount for a period of at least 12 years and the right to receive these payments must have been in his term of employment when section 1240 was adopted in 1954. I doubt whether anyone is currently using this provision, or even if they are, whether it is appropriate to continue the provision as a matter of policy.

Still another provision which probably is not used today is section 632 of the code which provides that the tax on individuals when they sell certain property is not to exceed 33 per cent of the selling price of the property. This applies in the case of the sale of oil or gas property where the principal value of the property has been demonstrated by prospecting or exploration or discovery work done by the taxpayer. Because of other tax treatment now available in the code, this provision is, so far as I am aware, seldom if ever used today.

Legacy of the past

Provisions of the type I have been referring to usually were developed in some past period to take care of a situation called to the



Rent your own Post Office. \$6.50 a month.

You're looking at a Pitney-Bowes postage meter. It will stamp, date, seal and audit your mail in as little time as it takes to tell about it. And all it costs is \$6.50 a month, plus an initial fee of \$32.50. When you take into account the stamps you lose and the time you waste, we think you'll find it will pay its own way in your office, even if you only spend 25¢ a day on postage.

Because part of the post office's job is done right in your office, your mail can go through faster. And

when it arrives, with a meter stamp instead of an old-fashioned postage stamp, it'll look like it means business.

Once you shape up your mail operation, life in your office may start improving in a lot of ways. The girl who used to run out for stamps and do the licking and sticking can be free for more important work. Such as typing a few letters. And answering the phone. She may even have time to pour your afternoon coffee.



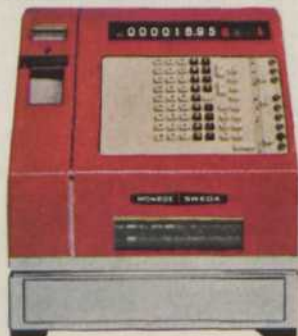
Pitney-Bowes
Originator of the
POSTAGE METER

Call the nearest Pitney-Bowes office. Or write to Pitney-Bowes, Inc., 1382 Pacific Street, Stamford, Conn. 06904.



**Whatever your business,
whatever its size,**

**there's a Monroe Sweda
sales register
just made for it.**



FOR DETAILS, CALL YOUR LOCAL MONROE SWEDA REPRESENTATIVE. HE'S LISTED IN THE YELLOW PAGES UNDER CASH REGISTERS. MONROE SWEDA, ORANGE, N.J., A DIV. OF LITTON INDUSTRIES.



FOR TAXPAYERS

continued

attention of the Congress in which it was thought that the general law worked some special hardship. As a result, they often were of very narrow application and therefore were unlikely to have any continuing effect. I believe that there are many provisions of this type in the Internal Revenue Code which can be deleted.

Perhaps it will also be possible for us to avoid at least some of these problems in the future by examining more carefully the extent to which the provisions we adopt have broad policy application and meet the tests of simplicity.

Other provisions in the code, which initially were provisions of broad application, are no longer necessary in the current tax law. To the extent they are still needed for past periods, the provisions can be found in the internal revenue laws applicable to these prior periods. The provision relating to the five-year amortization of World War II defense facilities is an example of a provision in this category.

Wanted: fewer technical terms

Still another simplifying improvement which can be made in the internal revenue laws is to make greater use of definitions in the case of concepts which are repeated frequently. Let me cite just one example of the simplification this can bring.

Probably the most frequently used concept in the internal revenue laws is that of "ordinary income." I believe the very use of this term implies the application of the ordinary individual tax rate or corporate tax rate; yet, nowhere in the code is this term employed. Usually, when it is intended that ordinary income tax treatment apply, reference is made to "gain from the sale or exchange of property which is neither a capital asset nor property described in section 1231." This phrase, which is intended to say that ordinary income treatment applies, can be found today in many sections of the code.

I am sure there are other areas where readily understandable terms also can be substituted for extensive phraseology in the internal revenue laws.

The simplification which occurs from the elimination of unused or unneeded provisions is more than the mere lessening of the number

of words; it is leaving a more understandable body of tax law.

I have requested the congressional and Treasury staffs to analyze the code to come up with suggested lists of provisions—essentially obsolete—for possible deletion.

Of course, most taxpayers do not themselves directly use the Internal Revenue Code. Most use tax guides and instructions. Much of the advantage of this simplification will prove useful to the tax lawyers and accountants. But, indirectly, it will redound to the benefit of taxpayers generally. This will occur because the regulations on the tax law, which a wider group of readers see, are in turn dependent upon the tax law itself.

In turn the instructions which accompany the return are in large part dependent upon these regulations. As a result, a simplification of the tax code will gradually permeate outward and benefit taxpayers generally.

Tax form needs streamlining

In addition to a simplification of the Code as such, I hope that it will be possible to carry out a simplification program relating to the return forms, the related schedules and the accompanying instructions.

Too often in the past we have concentrated our attention perhaps too much on the policy aspects of the decisions we make in the committee with the result that we do not always weigh, to the extent we should, the effect of various tax proposals on the return form.

Certainly in a voluntary compliance system such as we have in the United States, it is essential that it be possible for most taxpayers to make out their own returns.

The return, or at least the schedules that are filed with it, has become more complicated in recent years. In no small part this is due to an effort on the part of Congress to increase the equity in the tax system. However, I think it is necessary that we take a good hard look at the statutory provisions to see whether they have unnecessarily complicated the return form. I have instructed the staffs to see what can be done in this regard.

I know of some examples where it seems to me simplification of the return form and schedules should be possible. A leading candidate for simplification, in my opinion, is the retirement income credit. Unfortunately, at the present time the computation of the retirement income credit requires a whole page on Schedule B.

The reason for much of the complication in the retirement income credit has been the fact that we have attempted to follow closely the exclusion available to those receiving social security payments, which by ruling have been held to be tax-exempt. The retirement income credit attempts to give a comparable exclusion for pensions or the investment income of those who receive little or nothing in the way of social security payments. This made it necessary, in effect, to repeat most of the rules applicable to social security benefits in the retirement income credit.

In the case of the retirement income credit, I believe we must rethink the treatment of retirement income generally. We must weigh the value of the present treatment against substantially simpler treatment of retirement income.

Does income-averaging help?

Another provision, added by the tax-writing committees in 1964, is the so-called averaging provision. I have heard complaints about this provision to the effect that a great deal of computation is necessary only to find that little benefit can be derived from it. This, of course, can happen on occasion and is due to the fact that the individual's income in the current year actually is not in a substantially higher bracket than his income would have been over the past several years had it been spread evenly over these years.

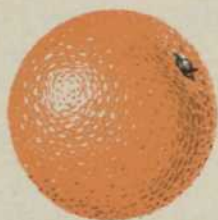
Averaging can never help in such a case and, in fact, is not intended to.

However, the computation that it is necessary to make under present law, to see whether an individual is eligible for averaging and to see the extent of the benefit to be derived, is a relatively complicated procedure. I hope this is another area in which substantial improvements can be made.

Still another candidate for simplification is the provision relating to sick pay. In the Revenue Act of 1964 the House would have made the sick pay exclusion available only for those who were absent from work for 30 days or more.

The Senate, however, restored the sick pay exclusion for the first 30 days (subject to certain limitations) if the sick pay is 75 per cent or less of the regular pay. This provision, at least as the regulations have interpreted it, has probably led to more complication than the old provision. I hope that this, too, can be simplified without broaden-

There are 1001 good reasons for buying a custom-built truck like Kenworth.



This is just one of them.

If you haul oranges in California, it doesn't make much sense for you to use the same truck that someone else would use to haul timber in Maine. Or oil in Texas.

Oranges, logs and oil just aren't that much alike. Neither are the roads you operate over, the weight and length requirements or the climates.

One standard assembly-line truck can't handle all those variables. That's why Kenworth builds trucks from the road up. To your specifications. Based on in-the-field evaluations of your needs by Kenworth engineers.

The result is a truck with every part fitted to do the job you want it to do. That's why Kenworths last longer and operate more efficiently. And why resale values are higher. (The highest in the industry.)

Kenworths know what's expected of them and they do it. So you save on maintenance costs. And you're able to handle more freight. Faster. More consistently.

That means more profit.

Worth talking to your Kenworth distributor about? Then do it soon. Find out for yourself why so many of the nation's top trucking firms agree that there's more worth in Kenworth.

There's more worth in

KENWORTH

Home Office: Seattle, Washington 98124



FOR TAXPAYERS

continued

ing the exclusion passed by Congress in 1964.

Making it easier to comply

In addition to some degree of simplification of the code and some degree of simplification of the return form, I hope it will also be possible to do something to ease the problems of taxpayer compliance and the administration of the internal revenue laws.

Among ways of making it easier for the taxpayer to comply with the laws and easier for the Internal Revenue Service to administer them, is to find out from IRS the areas of the tax law which give both taxpayers and IRS the most trouble. This is being investigated at the present time. I know, for example, that one of the most troublesome areas has been a determination as to which parent should receive a dependency exemption where there has been a divorce.

Frequently, the child lives with the mother but support is provided by the father. Often the father in such cases does not know the amount of additional support being supplied by the mother. As a result, both parents frequently claim the exemption and because of lack of communication between them, they cannot reach a mutually agreeable solution.

Another source of taxpayer irritation and difficulty with the tax laws is the treatment of federal tax liens. The issue is the relative priority of federal tax liens, vis-a-vis other forms of indebtedness. This is a situation which the tax section of the American Bar Association, as well as others, has studied in detail and is a subject on which I have introduced a bill along the lines the American Bar Association believes appropriate. I hope that it will be possible for the committee to hold hearings on this topic and act on it next year.

The Internal Revenue Service is, of course, most interested in improving the extent to which it can use automatic data processing in handling tax returns and forms. Internal Revenue Commissioner Sheldon S. Cohen has indicated interest in providing for more direct filing of tax returns. Having taxpayers file their returns at the regional office where the data processing equipment is located, rather than at several district offices, will

(continued on page 96)



You can pay a nickel or more for each extra copy...



**or use the new KODAK CAVALCADE Copier
and get extra copies for less than 1¢ each!**

Great news for anyone who ever needs extra copies! (And who doesn't?)

The penny still has real purchasing power! It's all you pay for each extra copy with a KODAK CAVALCADE Copier. What's more this trim office copier gives you the first copy—and at least 6 extras—in a minute's time! Actually faster than some of the nickel-a-copy machines.

The KODAK CAVALCADE Copier is a true desk-top copier. Plugs in anywhere. And it's so reasonably priced every office can have one. (What you save on secretarial travel time, alone, makes this a smart idea.)

Get full story of savings—and details on convenient buy-or-rent plan—from your Kodak Copy Products Dealer. Call him today. Or write to:

EASTMAN KODAK COMPANY, Rochester, N. Y. 14650

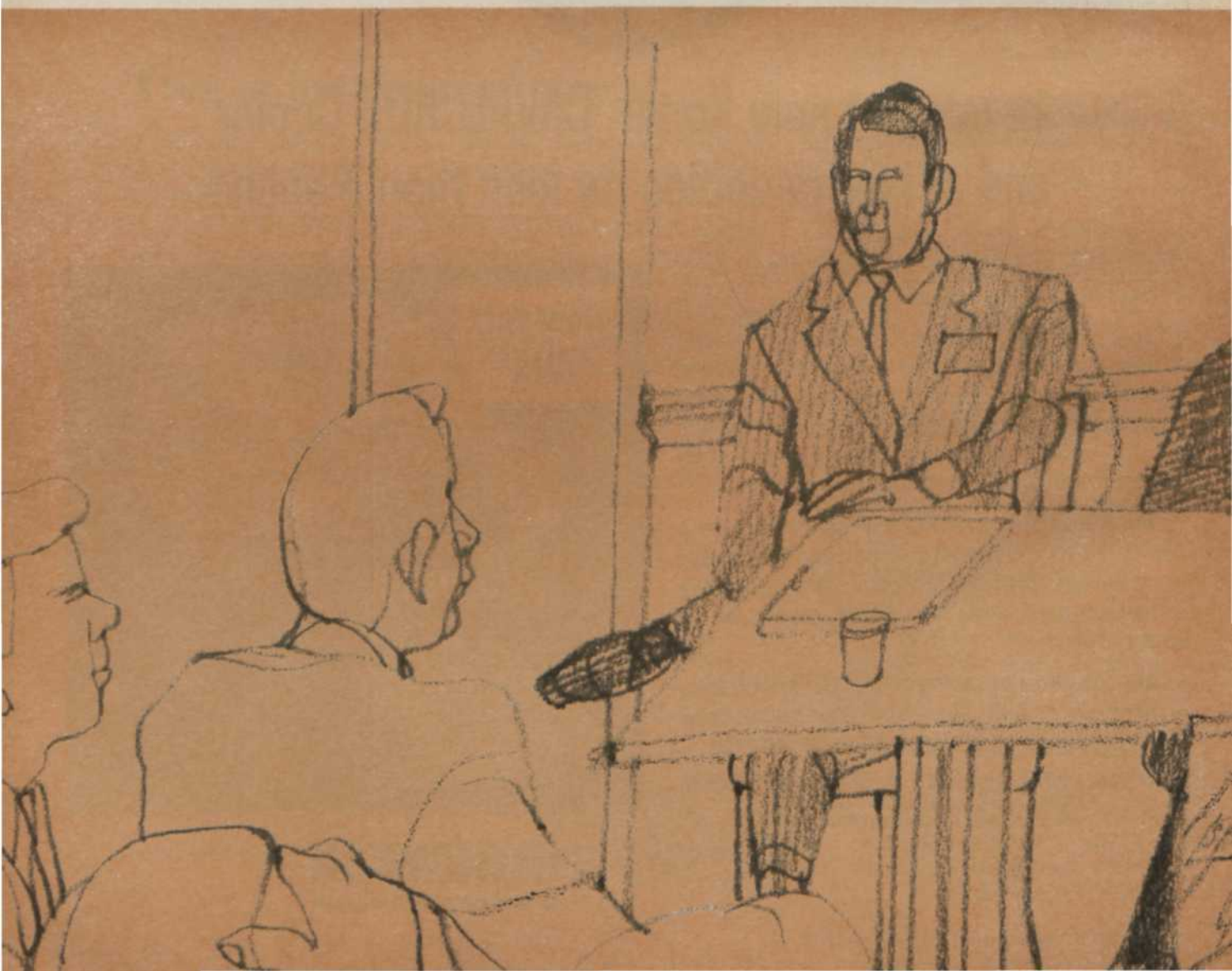
Price quoted is manufacturer's suggested price and subject to change without notice.



PATTERN FOR SUCCESS

What executives should know about labor

The fourth in a series re-creating Harvard
University's Advanced Management Program



YOU SIT at the bargaining table arguing heatedly over a labor contract. The strike deadline is bearing down on you. Tempers are getting short. For the first, and probably the last, time in your life you, a businessman, are actually championing the demands of the union.

Although the real names of the company and the union involved have been disguised, there is nothing phony about the intensity of your arguments or the experience you are getting in handling labor problems.

This mock negotiating session is part of the highly varied training you get as a participant or "AMP" in Harvard University's Advanced Management Program, the much-acclaimed course for men about to enter the top ranks in business and public organizations.

After hours of haggling and compromising, you and three other AMPs playing the role of union representatives think you are about to reach an agreement with the four management representatives, who also are AMPs.

But you get a telegram from "union headquarters," reading:

"THE CHICAGO ASSOCIATION NEGOTIATIONS WHICH WE EXPECTED TO BE EASY SAILING THIS YEAR HAVE TURNED SOUR. LOOKS NOW AS IF WE'LL HAVE TO TAKE A STRIKE. IMPORTANT THEREFORE THAT YOU SETTLE IF POSSIBLE. THIS DOESN'T MEAN YOU CAN'T TAKE A STRIKE IF THEY'RE UNREASONABLE BUT WITH ALL THE CHICAGO AREA PLANTS OUT IT WOULD BE TOUGH GOING —HARRY"

About the same time, unknown to you, company representatives get a confidential message of their own. It says that the company is likely to land a fat contract with the Navy Department.

The message continues: "It is likely that our existing equipment will be inadequate for the handling of all this work and that some subcontracting will be essential. I understand that arbitrators rule all over the lot on subcontracting when there is no clear management rights clause in the contract. So let's be sure we're protected on this one.

"But above all, now that we have the Navy con-



PATTERN

continued

tract in the bag, do everything within reason to avoid a strike, even if it takes more than 15 cents. Obviously don't let our friends (?) from the union know of this good fortune. They'd murder us if they knew."

Alas, a leak

But a faithless secretary in one of the firm's offices has sneaked a peek at the memorandum and told a union official what she saw. You are handed another telegram from union headquarters that now urges you to be firm on the matter of subcontracting. You are ordered to seek assurance that all men from your local are employed before the company subcontracts any work.

So, while the desire of both sides to avoid a strike increases, so do the differences between them and so does the temperature in the bargaining room.

"I can't let this mock negotiating go on for more than a few days," says Prof. Thomas Kennedy, who conducts the labor portion of the 13-week AMP program. "The tension gets too strong."

For years Prof. Kennedy, who has a jolly Irish cop look about him, has been breaking up labor scraps, both mock and real. He has taught labor relations on and off since 1940, served as consultant to several companies and sat on scores of labor disputes as a professional arbitrator. He was industrial relations director for a major chemical company before moving to Harvard in 1956.

"Few AMPs have negotiated or ever will negotiate a real labor contract," Prof. Kennedy admits. "However, as future general executives it is they who will have to give the final answers to such difficult labor questions as, 'Should we take a strike on this issue?'"

"In order to answer such questions intelligently, they must be able to communicate effectively with their company's labor experts. You mention the word 'union' to some businessmen and they're as quick to take offense as the king's musketeers.

"We're not trying to sell the AMPs a prolabor or antilabor view. We expect, however, that they will leave the program able to think and act more intelligently on labor relations without getting emotional."

You begin by studying the nature of collective bargaining and

the legal framework within which it occurs in the United States. One of the first important laws controlling industrial labor contracts was the 1932 Norris-La Guardia Act. Management no longer could require a man to sign a contract not to join a union. It also made it hard to get an injunction against a union.

In 1935 the National Labor Relations Act, or Wagner Act, was passed, supposedly to encourage collective bargaining. It really gave organized labor a leg up. It declared that men were free to join unions and to be active in union organization, and that employers must not interfere with such activity.

The Wagner Act also guaranteed that employees would not be discharged or discriminated against for union activity. It provided an election procedure whereby the majority of the employees in a bargaining unit can select the union they want to represent them.

It required that once the employees have so selected a union, management must bargain with it in good faith.

Under the Wagner Act unions were able to organize workers as never before. In 1947 the Taft-Hartley or Labor Management Relations Act was passed over tremendous union opposition. It outlawed the "closed shop," so that an employer no longer could be required by a contract to hire employees only from a certain union.

The act's famous Section 14(b) further provided that states could pass right-to-work laws which prevent not only the closed shop but any kind of compulsory union membership.

Taft-Hartley also declared that foremen and supervisors can be discharged for joining a union; supposedly assured the employer of his rights of free speech; provided for suing unions, and required that unions bargain in good faith.

In 1959 the Landrum-Griffin Act strove to protect the rights of union members from union bosses and to prevent misuse of union funds.

Why a union?

Through a chain of labor cases, you see how these laws come into play as a nonunionized company evolves into a unionized company.

"What would you have done in the case in which a union tries to organize the employees of the Andre Cookie Co.?" Prof. Kennedy asks, waving his hand in a "come on" fashion to draw responses from the AMPs.

The best first move, the AMPs agree, is to find a good labor lawyer.

The next step is to ask yourself, "Why do the workers want a union in the first place?" Have they been misled by union organizers? Do they feel perhaps that wages are too low, that they have no way of communicating gripes, that they don't have enough fringe benefits, that vacations are too short, that their supervisors are incompetent, or that management is not handling certain social problems well enough?

The law restricts what you can do to prevent unionization. Although you are supposedly free to talk to the workers and express your opinions, you cannot use promises or threats, and the National Labor Relations Board (NLRB) has interpreted this severely.

Breaking this law for the first time usually results only in a cease and desist order.

If the Board upholds a complaint by a union that has lost an election, the most it can do is to order another election. Once a union has been beaten, even in a contested election, however, it is difficult for it to muster the strength to win the second time around.

Board can get tough

There is the possibility of heavier penalties in other cases. If the Board determines that management has discharged an employee for his union activities, for example, it could order the man reinstated with full back pay plus six per cent.

Refusal to do what the Board says could result in a court order, and violation of that would be contempt of court.

"How often should you break the labor law?" Prof. Kennedy asks. "Never? Just when there is a principle involved? Or whenever it's to your advantage and the penalties are minimal?"

All three suggestions find supporters. Some AMPs are highly disturbed at positions taken by fellow classmates.

"This is good," Prof. Kennedy remarks. "These are issues you will face later as top managers. They will not be completely new to you from now on, so you are less likely to panic when you face them."

Once a union has won certification and a contract has been signed, the major concern—at least until the next contract negotiation—is settling employee grievances.

A contract may say, for example, that a man is to be discharged or disciplined "only for just cause." Your interpretation of what "just



'66 CHEVELLE: Looks new all over again. It is.
'66 CHEVY II: Looks a lot more expensive now. It isn't.



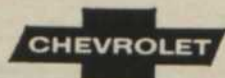
NEW CHEVELLE 300 DELUXE 4-DOOR SEDAN.

Chevelle for '66 has a completely new look, from its new grille right back to the restyled taillights. The famous fleet assets are all there: Full Coil suspension ride. Body by Fisher in your choice of 12 Magic-Mirror acrylic lacquer finishes. Color-keyed interiors. And Chevelle is still America's most popular mid-size car!

NEW CHEVY II NOVA 4-DOOR SEDAN.

In looks the 1966 Chevy II is all new, but its traditional money-saving features remain. Like self-adjusting Safety-Master brakes, Body by Fisher with flush-and-dry rocker panels, long-wearing vinyl and cloth interiors. Let Chevy II help keep your fleet budget in the black.

Chevrolet Division of General Motors, Detroit, Michigan



NEXT TIME YOU RENT A CAR, TRY THE '66 CHEVROLET



From Altus, Oklahoma To Ayden, North Carolina



Dixisteel Buildings Offer Plus Value

In addition to the quality you can see in every inch of a DIXISTEEL Building, you get many exclusive features at no added cost: DixiRib panels designed to pack extra strength and rigidity into every ounce of steel; over-size gutters; and precision fabrication of every part, from DixiZee purlins to the new, awning-type, pre-glazed aluminum windows. These and other features, plus superior design and engineering, give you plus value in a DIXISTEEL Building.

Before you buy, build, or lease, get your nearest DIXISTEEL Building dealer to show you how America's fastest growing line of pre-engineered steel buildings can serve your needs.

CONSULT THE YELLOW PAGES — OR MAIL THIS COUPON



Dixisteel Buildings, Inc.
P. O. Box 1714, Atlanta, Ga. 30301

☐ Please send me complete information on Dixisteel Buildings

☐ I am interested in a dealer franchise

Name _____

Address _____

City _____ State _____ Zip _____

137

SOME DEALER FRANCHISES STILL OPEN

PATTERN

continued

cause" is in one grievance serves as a precedent for future cases.

Prof. Kennedy shows you a film that follows a grievance from start to finish. He stops the film at six points where management must make decisions. During these breaks you comment on what management has done and you decide what you, if you were in charge of the company, would do now.

The film is about a man in an auto shop who refuses to handle some parts. "They're too hot," he claims. "I'll get burned."

He argues with the foreman and then takes his complaint to his shop steward. The shop steward turns in a report to union headquarters. Union and management representatives sit down together to solve the problem. By this time the problem has developed political complications and neither side will budge. The union chooses arbitration.

The film is temporarily stopped at this point for a discussion of arbitration. Prof. Kennedy points out that 94 per cent of today's labor contracts provide that disputes that can't be solved by union and management be taken to arbitration.

Many contracts provide that if union and management can't agree on an arbitrator, either the Federal Mediation Service (FMS) or the American Arbitration Association (AAA) is to be called in. These groups keep panels of arbitrators.

The film resumes. The case of the man who claimed he feared being burned by auto parts is before an arbitrator. Reports from scientists are presented showing the temperature of the parts at various times when the complaining worker was supposed to handle them. Doctors agree that the worker could not safely handle the parts at those temperatures. The film ends with the arbitrator ruling in favor of the worker.

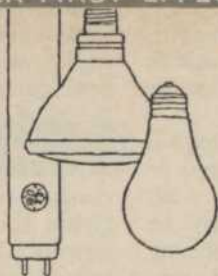
The vital lesson here for management, Prof. Kennedy says, is to get the facts and to try to settle grievances early without letting them grow to enormous proportions. The foreman and the shop steward could have decided this case with a few simple tests on the spot.

You move now to a series of cases on major substantive grievances that especially plague top management these days. As with many Harvard business cases, the names of the firms are disguised.

The Dependable Tire case asks

EFFECTIVE NOVEMBER FIRST EFFECTIVE NOVEMBER FIRST EFFECTIVE NOVEMBER FIRST

Buy G-E



lamps now and save.

EFFECTIVE NOVEMBER FIRST EFFECTIVE NOVEMBER FIRST EFFECTIVE NOVEMBER FIRST

**G.E. passes on to you now
-in advance-the January 1st
excise tax cut.**

EFFECTIVE NOVEMBER FIRST EFFECTIVE NOVEMBER FIRST EFFECTIVE NOVEMBER FIRST

**And G.E. reduces prices even more
on over 100 popular lamps.**

EFFECTIVE NOVEMBER FIRST EFFECTIVE NOVEMBER FIRST EFFECTIVE NOVEMBER FIRST

The federal manufacturers' excise tax on lamps ends January 1, 1966. But General Electric is reducing lamp prices two months earlier. Starting November 1, G.E. will pay the excise tax for you.

You can enjoy these savings now, without waiting for next year.

Simultaneously, G.E. is making *additional price reductions* on more than 100 high-volume lamps. Here's another opportunity to save money, because your business probably now uses some of these lamps. A few examples:

Lamp	Old List	New List
	Price	Price
150-watt PAR Floodlight	\$2.30	\$1.98
40-watt Fluorescent	\$1.17	\$1.05
Slimline Fluorescent	\$2.75	\$2.13
High Output Fluorescent	\$3.75	\$2.50
Power Groove Fluorescent	\$7.50	\$5.45

Now you can buy G-E lamps and save money two ways. Call your General Electric Large Lamp Agent today. Or write General Electric Large Lamp Dept. C547, Nela Park, Cleveland, Ohio 44112.

LARGE LAMP DEPARTMENT

GENERAL  **ELECTRIC**

PATTERN

continued

how a company can subcontract effectively under a union agreement.

Five years ago subcontracting was not the big issue it now is. Recent NLRB decisions, however, have given unions a stronger hand. Now if you wish to subcontract, the NLRB says you may have to bargain first with the union.

In the Seneca Co. case, a paper company can't expand production for fear of polluting a river. Costs are rising and Seneca must either

automate or die. If it automates it would have to cut 500 men from a 2,000-man work force in a one-company town. How, you are asked, should you deal with the union in such a situation?

In the Glidden and Darlington Mills cases you consider whether or not companies must bargain with unions before shutting down or moving plants. An official of one firm that was moving told employees they would have to apply for jobs at the new plant just like any new employees. You discuss the wisdom of such a decision.

The Faraday Steel case considers

the current problem of changing local working conditions. The difficulty arises because Faraday, a major steel producer, signs a general contract with the union, but terms of the contract are interpreted differently by local Faraday units.

At the base of the problem is the clash of two theories. The "residual rights theory" maintains that any powers that management has not turned over to employees in the contract remain in the hands of management. Some contracts spell out this theory in a "management rights clause."

Unions champion the "status quo" theory in which they assume that all working conditions will remain the way they have always been, unless the changes are specified in the contract. Some contracts embody this theory in a "past practices clause."

To further confuse matters some contracts have both management rights and past practices clauses.

You now get to test out the concepts developed up to this point in the labor course. The AMP class is broken into four-man bargaining teams to consider a grievance case. As in the mock negotiations, half of the team plays the management role and half labor's role.

First you read over the case. Fite, a veteran worker in the Rocket Chemical Co., has been passed over for advancement to a mechanic-carpenter No. 2 job. Management claims Fite has been put in a similar job many times and never done well in it.

The company claims it has the right to promote the best man, despite Fite's seniority.

You meet with other members of your team to map strategy. Your team agrees that the case is clear cut: Fite is a goldbrick, a no-good.

But when you meet face-to-face with AMPs representing the labor group, you find the two of you are miles apart in your views. Your job is not to see how hard a bargain you can drive, but to try to reach a "fair and workable agreement" by 8:30 the next morning.

The grievance sessions go on into the night all over Hamilton Hall, your living quarters, and in small conference rooms off tunnels connecting buildings on the campus of Harvard's Business School.

To those AMPs on the labor side of the table, this is an especially new experience. Many of them for the first time are convinced that the union is right and that management's contentions are absurd.

You may not realize it now, but

This afternoon, make just one entry for statement, ledger, journal and receipt simultaneously.

And come in late tomorrow morning.

It's easy with McBee's new low-cost General Records Poster. In fact, it's as close as you can come to "automated" pen and paper bookkeeping. And it can save you up to 75% of the clerical time you now spend on your accounts receivable.

And it's equally as time-saving with Accounts Payable, where you get complete budget, cash and account control with simultaneous

posting.

All posted on the proper lines. Automatically. With just one entry. At the average rate of *one-a-minute*.

The McBee low-cost General Records Poster. Start using it this afternoon.

And you'll be able to come in late tomorrow.

(For details, fill in this coupon and return it to us).



McBee Systems, A Division of Litton Industries, Dept. 22LX
Practical Methods Library, Athens, Ohio

Gentlemen:

Please send me full details on the General Records Poster and the address of my local McBee office.

Name _____ Title _____

Company _____

Street _____

City _____ State _____

McBEE

Make every business call



a driving success

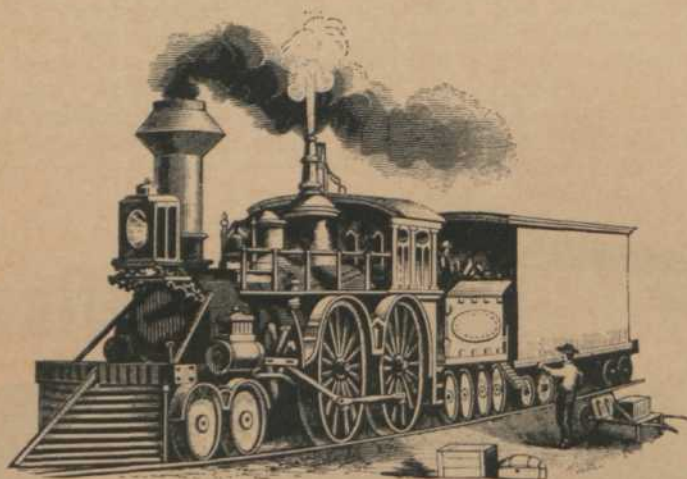
It's easy. Add new '66 Dodge Coronet to your contact team. Which of the 12 new models you choose really doesn't matter. All are cast from the same exciting styling mold. All are designed to reflect your own good taste and common sense. Take Coronet 500, for example. One of the handsomest Dodges ever built. But practical. Coronet 500's comfortable, foam-padded bucket seats . . . spirited, regular-gas V8 . . . generous, stretch-out room and big-car ride pamper your men with a purpose. No matter how far they drive, they arrive fresh and ready to go to work. And no more parking in secretive places. Coronet 500's bold styling says "executive parking lot" all the way. And the same holds for all the new '66 Coronet models: the Coronet 440, the Coronet Deluxe, and the superfrugal Coronet standard. Which you choose depends on your own needs and taste. But all, we assure you, cost less to own or lease than you might imagine. Sample one on your own private proving grounds. '66 Dodge Coronet—a beautiful assignment any salesman will find a pleasure to handle. See your nearby Dodge dealer and he'll prove it.

'66 Dodge Coronet

DODGE DIVISION



CHRYSLER
MOTORS CORPORATION



Signs of the Times

Trolley bells . . . side-wheel steamers . . . locomotives puffing smoke. All symbols of a bygone day. Changed, too, is the image of the chamber of commerce executive.

Your local chamber executive today is a skilled professional . . . a "can do" expert with the skills for translating community aims into positive, constructive action. Whether it's attracting new industry, attacking local problems or promoting better economic understanding, he's the man who can get the job done for you.

And your participation in your chamber's activities plays a vital role in how well he does it. Support and take an active part in your chamber's programs.



PETE PROGRESS

Speaking for the local chamber of commerce in your community

PATTERN

continued

you are getting valuable experience in the art of negotiating, an important tool in many aspects of business. AMPs from past classes have written Prof. Kennedy that they are now negotiating all the time in their new positions and find the mock sessions one of the most useful parts of Harvard's program.

If the two sides can't agree, the labor team must decide whether to take the case to arbitration or to drop the matter.

The next day in class each AMP is expected to be ready to defend his team's agreement or failure to agree. Some groups decided to promote Fite. Some ordered him to take training first. Some decided not to promote him.

In each AMP session a new way of handling the grievance comes up. This session one group decided to give Fite the promotion but to fire him if he didn't work out.

The class tries to find out why some groups ended up sending the case to the arbitrator. In a few cases a personality clash was the cause.

"Well, when this guy made that remark," one AMP reports, "we'd had it."

Grievance skill important

Prof. Kennedy points out that the variety of settlements suggests that skill in handling grievance procedures can give important gains to one side or the other—gains it could not have made during contract negotiations, a subject you study next.

In the United States, unlike the situation in some foreign cases you study, there are no labor courts to settle disputes over the negotiation of contracts.

The great motivation for settling in America, of course, is that a strike costs the company profits and the workers wages.

"Is this the best kind of system?" Prof. Kennedy asks. "Should we have labor courts or compulsory arbitration rather than allow strikes?"

Most AMPs say no. Some of their comments:

"Management's economic power is much more effective than its political power. There are more of them than there are of us. Putting the settlement of contracts in politics rather than in economics is not good for management."

"Where will government draw the line? How can the courts set wages

Imagine a console copier you could roll up to any outlet, one that would copy anything the moment you turned it on. Imagine, nothing. Here's the Coronastat 55!

You discover great new things about photocopiers the moment your new Coronastat™ 55 arrives.

1. Coronastat 55 rolls easily on its own wheels. It's the only console copier that goes where the action is.
2. Coronastat 55 plugs in anywhere. No special wiring is needed; it runs on ordinary 110-volt current.
3. Coronastat 55 delivers copies the moment you turn it on. No lengthy warm-ups needed — ever!
4. Coronastat 55 is the easiest console to operate. Standing or seated, operation is "push-button" easy.
5. Coronastat 55 is most versatile. You can copy single sheets, books, three-dimensional objects, even portions of large documents, without mutilating them.
6. Coronastat 55 handles two sizes of paper auto-

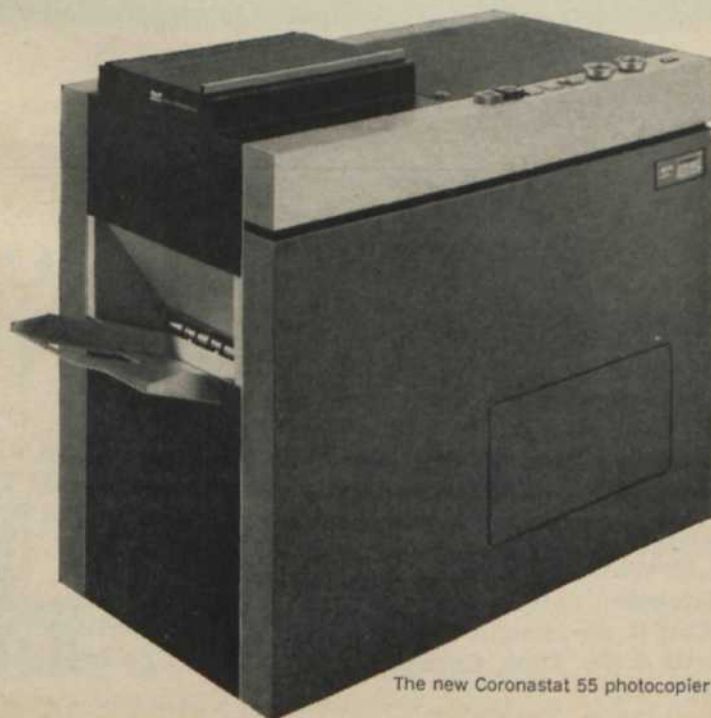
matically. Go from business to legal sizes, and back again, at the touch of a button.

7. Coronastat 55 Meter Program delivers substantial savings. It can even drop your photocopy costs to less than two cents a copy.

Let us send you, free, a copy of our "Coronastat Copy Cost Comparison Chart." You will be able to see how little Coronastat 55 copies will cost in your own office, see how much you can save on photocopy costs. Simply fill in the coupon, and we'll send it to you. Or ask for a demonstration of Coronastat 55 and get the full story all at once, with no obligation.

SCM ELECTROSTATIC COPIERS

SCM CORPORATION, 410 PARK AVENUE, NEW YORK, N. Y. 10022
OFFICES IN CANADA AND MAJOR CITIES THROUGHOUT THE WORLD



The new Coronastat 55 photocopier

SCM Corporation Dept. NB-12
410 Park Avenue, New York, New York 10022

☐ I want to see how little Coronastat 55 photocopies will cost in my office. Please send me my free copy of your "Coronastat Copy Cost Comparison Chart."

Our present photocopy equipment is _____

Brand name _____

_____. We make an average of _____ a month.

Model _____

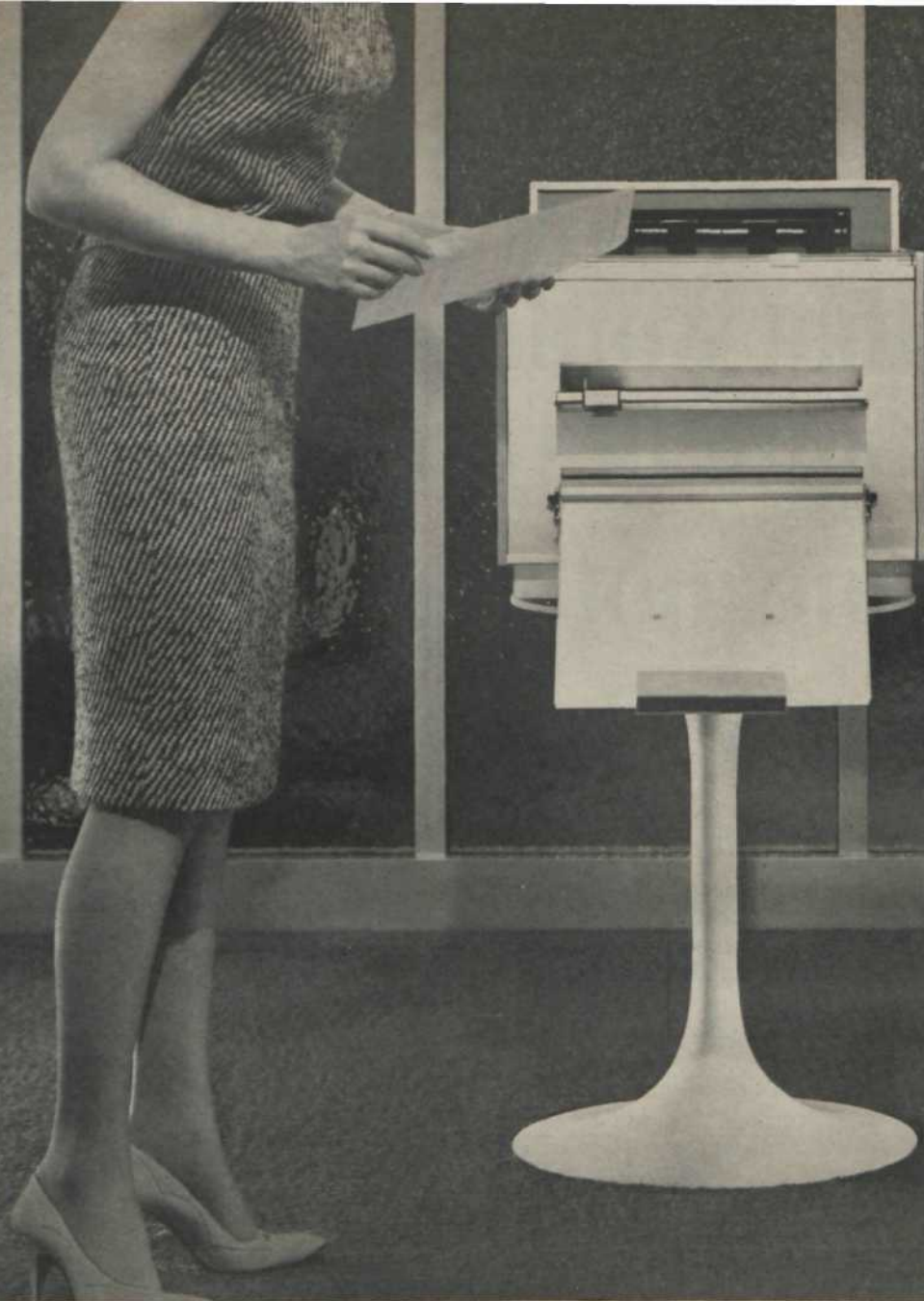
No. of copies _____

Your name _____

Company _____ Title _____

Address _____

City _____ State _____ Zip _____



Here's a dry copier that fits anywhere

Put your new A. B. Dick dry copier where the people are. On a desk, the middle of the office, or in the hallway by the water fountain. You don't have to hide it away. No excessive noise, no objectionable odor and it's so compact (just 18 inches in width) it can go where the traffic is. Want a preview? Ask for our free booklet, "Six points to consider before you buy, lease, or rent any office copier." You'll discover a new way to look at office copying." Write to A. B. Dick Company, 5700 West Touhy Ave., Chicago, Ill.





Put it next to the water fountain and save some steps

A·B·DICK®

FOR ALL YOUR COPYING/DUPLICATING NEEDS

Whether you need several copies in black and white—or thousands in many colors—there's an A. B. Dick machine for you (like the offset equipment behind the panel).

PATTERN

continued

on the one hand and not prices and profits on the other?"

"As far as the government's concerned, we of management already are second-rate citizens."

"There would be the problem of enforcing any compulsory arbitration, a problem you don't have when parties settle disputes among themselves. Maybe you can force 100,000 miners to go to work, but you can't make them dig."

"You eliminate the threat of the strike, which is the greatest incentive for reaching an agreement."

"The courts will be loaded down with contract disputes."

Court defenders respond

Comments favorable to labor court or compulsory arbitration include:

"How can the government otherwise avoid strikes that could cause a national emergency, such as those in shipping, railroads, steel and airlines?"

"You shouldn't assume that the judges will be unfair. Compulsory arbitration will avoid loss of production and the public inconvenience of strikes."

You now tackle a battery of cases involving major contract negotia-

tions. Among them are the steel negotiations of 1956 through 1965.

You spend a good part of one of the hour-long classes discussing the firm offer made to Steelworkers in 1956 by U. S. Steel, Bethlehem and Republic.

This type of offer is a form of what has come to be called bouldwarism, after Lemuel R. Boulware, General Electric Co.'s former employee relations chief. In bouldwarism management decides what it considers to be fair, based on all the information it can gather. Its offer is firm. It will change the offer only if the union can present new and pertinent information.

Many of the AMPs feel bouldwarism is the only honest, sincere way to carry out bargaining.

"This business of the big demand by the union and the little offer by management is like buying blankets in Mexico," says a Canadian bank superintendent. "The price is set at 300 pesos and you offer 60 pesos and you finally settle at 120 pesos. This is a phony, time-consuming type of bargaining and, moreover, it's immoral and dishonest."

Other AMPs say bouldwarism forces union leaders to lose face. They are not given a chance to bargain. It looks like an attempt to destroy a union and just make things tougher generally.

They further argue:

"The union men really catch it from the membership if they accept a take-it-or-leave-it offer.

"Under bouldwarism, the companies put themselves in difficulty, too, because they don't have room to move during bargaining.

"Bouldwarism also is dangerous, because if management can dictate the terms in collective bargaining, then labor must search for other means to get what it wants."

In the 1962 steel negotiations, the union made a big issue of U. S. Steel's ability to pay more. You are asked if the ability to pay should enter into negotiations.

"Should you penalize the efficient company by making it pay higher wages?" Prof. Kennedy asks. "Should you, in other words, subsidize the inefficient?"

In President Kennedy's Administration the government set up so-called price-wage guideposts. It said if wages increase faster than productivity the result would be inflationary. But if wages stay within the guidelines there should be no price increase.

You are asked to compare the attitude of the Kennedy Administration with that of the Eisenhower

**World's Only
PRE-SMOKED PIPES!**



Dr. Grabow

WORLD'S FINEST IMPORTED BRIAR

Starfire\$4.95	Commodore ..\$7.95
Viscount\$5.95	Eldorado ...\$10.00

**NEED NO
BREAKING-IN**

Your favorite blend never had it so smooth, right from the very first puff because: the world's only pre-smoked pipe needs no breaking-in! What curing does for tobacco, pre-smoking does for your Dr. Grabow.

For FREE Information Booklet, Write Dept. NB, DR. GRABOW Pre-Smoked Pipes, Greensboro, N.C.

Will your close corporation be protected by life insurance?

If so, Mutual Benefit Life policies are ideal for funding just such a plan. Among notable contract features, these policies provide high early cash values and pay first-year dividends, both of which are quickly reflected on your balance sheet.

These are only two of the reasons why we feel that, dollar for dollar, you cannot match the combination of benefits, safeguards and guarantees—plus performance and service—that Mutual Benefit gives you. High quality insurance at low net cost.

You can get the complete story by writing us. Or, better yet, call your Mutual Benefit agent.

MUTUAL BENEFIT LIFE

THE MUTUAL BENEFIT LIFE INSURANCE COMPANY NEWARK, NEW JERSEY SINCE 1845

“How come Anaconda is hurrying 70,000,000 more pounds of aluminum to market when they’re a leader in copper?”



Because Anaconda is diversifying in many other areas. One example—aluminum. We’ve added a new 70,000,000-pound potline to boost our output to 200,000,000 pounds annually. We’re doing this to keep up with our rapidly expanding line of aluminum products—from foil and industrial sheet to fin-

ished architectural forms. And in preparation for continued growth, we’ve started plans for a fourth potline to be completed in 1968. Want to know more about Anaconda? Write for “This is Anaconda” to The Anaconda Company, 25 Broadway, New York, N.Y. 10004.



"This Ford Diesel Tandem scored so high in performance, so low in cost, we ordered 35 more"

...says Mr. Robert Hamilton, Director of Fleet Maintenance, Branch Motor Express Co., New York

"To find the best tandem-axle sleeper for our long runs between Buffalo and Greensboro, N.C., we tested a Ford HT-950-D with three other comparable Diesel tractors," says Mr. Hamilton.

"On the job, our Cummins-powered Ford rolled up over 96,000 miles in less than nine months . . . gave us the record of performance we were looking for. Computer calculations run on the Ford and competitive vehicles showed operating costs during this period to be less for the Ford. Performance was excellent even with maximum weights in mountainous areas. And drivers rated Ford best because of its soft, comfortable ride and wide sleeper bunk.

"Based on the performance of the Ford demonstrator, we've ordered 35 additional Ford tandem-axle sleepers. We think these new tandems will be the best-performing vehicles in any fleet in the eastern United States."



C. G. Egan, a Ford National Account Manager, discusses new Tandems with Marvin F. Burten, President, Branch Motor Express Co.


FORD HEAVY DUTY TRUCKS

PATTERN

continued

Administration in earlier labor negotiations.

The government certainly got into collective bargaining during steel negotiations of 1965. I.W. Abel had ousted David McDonald as president of the United Steelworkers, promising he would bargain differently. The vote had been close, so Mr. Abel was anxious to make a good showing.

After getting the strike deadlines postponed, President Johnson called negotiators to Washington and had Secretary of Labor Willard Wirtz and Secretary of Commerce John Connor recommend a settlement which both sides finally accepted reluctantly.

AMPs compare contracts

It is at this point, after getting a better feel for the atmosphere under which contracts are negotiated, that you sit on union's side in the mock negotiation of a labor contract.

Most AMP negotiating groups decided the tough subcontracting issue by compromise.

"We fought hard against the union shop," explains one management AMP, "because we believe it is un-American. But we gave them a lot of fringe benefits because we were interested in the health and welfare of our employees."

"We got a whole mess of fringe benefits," boasted a labor member of another negotiation, "and we also got a union shop."

"With all those fringe benefits," commented another AMP, "you don't need a union shop."

One management group consented to an agency shop in which new employees would not have to join the union but would have to pay dues anyway.

Develop credibility

Good contract bargaining, Prof. Kennedy points out, boils down to developing credibility on the other side without getting so committed that you can't move any more.

"Language is awfully important in convincing the other side that you can't withdraw. You must be careful that you don't give a sense of ultimatum to the other side. Opponents are unlikely to succumb to a clear ultimatum. But you can skillfully get around to the same thing with the right language."

These techniques can be applied to all types of negotiations, not only to collective bargaining. You can

use them when selling or buying land, for example.

On the subject of ethics in labor relations, you read part of the Teamsters Union hearings held in 1957 by the Senate Subcommittee on Improper Activities in Labor and Management, better known as the McClellan Committee.

Prof. Kennedy asks:

Should unions be permitted to own stock in, or make loans to, companies whose employees they represent?

If a union leader sends you a Christmas gift, would you accept it?

If a union leader says he has a boy in college who needs a summer job, would you give him some preference over the boy who comes in off the street? What about the son of your banker? Or the sons of those who grant you licenses?

Would you have a drink with a labor man after negotiations?

Do you have certain personal principles for which you are willing to lose your company? What about your duty to the stockholders?

Ample answers

Some of the AMPs' responses:

"You'd better not do anything unless you're willing to have it printed on the front page of the local paper."

"Union and management are like a minus and a plus. If they come together the sparks will fly. I wouldn't take gifts or help them get jobs."

"As management people and civic leaders, we must set the moral tone for our community."

In his final class with you, Prof. Kennedy describes some general trends in labor relations.

The first is a decrease in union membership as a percentage of total employment. This is due to a number of reasons:

1. There has been a sudden spurt in automation, especially in the coal, steel and auto industries, which had been heavily unionized.

2. The number of white-collar workers is increasing and the number of blue-collar workers decreasing.

3. Many firms have moved their plants to areas of the United States where unions are comparatively weak.

4. Companies have developed sounder personnel programs, and some nonunion companies are paying higher wages than unionized firms.

5. Management is better at skimming off the best leaders for its ranks.

6. The old fighting spirit has left

the labor movement. It is not too convincing any more to talk about trying to improve the lot of the steel worker who already has two cars.

7. Union scandals have disenchanted many would-be labor supporters.

8. The Teamsters are out of the AFL-CIO. Nothing helps a local threatening a strike like having the Teamsters on its side.

9. Right-to-work laws have encouraged men who don't want to be union members.

10. Employers have sharpened their skills in avoiding unions.

11. There has been an improvement of management's public image in collective bargaining as opposed to labor's image.

12. As a result of automation, there has been a decline in the effectiveness of the strike weapon in a number of industries. Supervisors can run the plants.

At the same time that union power declines, paradoxically the scope of collective bargaining expands.

Subcontracting, plant-moving and plant-closing are matters that until recently management alone could decide. Now government is forcing management to bargain such decisions with the union.

"Is collective bargaining working in the United States?" Prof. Kennedy asks.

More than 98,000 of the 100,000 labor union contracts that come due each year get settled without strikes. Most strikes that do occur are short.

A second paradox in labor relations today is that although great improvement has been made in the whole system of free collective bargaining and we have a better system for settling conflicts, in the past five years there has been increasing pressure for government handling of bargaining.

"Hopefully we are not moving toward compulsory arbitration," Prof. Kennedy says. "You don't want to throw the baby out with the bath. If we go to government for settlement of hours, wages and working conditions, we're going to have a lot of difficulties. The government eventually would want to set prices, profits and even executive salaries."

[Next month: AMPs Test New Decision-Making Tools]

REPRINTS of "Pattern for Success -4" may be obtained for 35 cents a copy, \$16 per 100, or \$135 per 1,000 postpaid from *Nation's Business*, 1615 H St., N.W., Washington, D. C., 20006. Please enclose remittance with order.

WASHINGTON MUDDIES THE WATER CRISIS

Industry strives to solve water problems as government presses for more control

AMERICAN BUSINESS has a multi-billion-dollar stake in what is being pictured far and wide as a national water crisis.

Behind the headlines and political talk of critical water shortages lies a more important truth: We have enough water for all our needs if we end waste and pollution. This is the view of many water experts and some key members of Congress.

A new law puts the federal government squarely in the business of regulating stream pollution for the first time. It is bound to increase pressure for more regulation, costly construction projects and—in effect—more government control over urban and industrial development around the country.

The cost—maybe \$40 billion

Keeping our water clean is so big a problem that many Americans, who often see no further than the nearest water tap, may well overlook the solid progress made in recent years by industry, states and municipalities.

There is danger, too, that the average citizen may forget who will foot the bill for costly programs to make more water available for drinking, swimming, or fishing.

Ultimately we all will.

Making the nation's rivers and streams reasonably pollution free is

a Herculean task that could cost as much as \$40 billion over 10 years time—including \$19 billion for new treatment facilities alone.

The water law just passed by Congress requires the states to impose water quality standards for interstate streams within their boundaries within two years. Their standards must be acceptable to Washington.

Some experts regard this as the last chance for states and industry to develop programs that leave control in the hands of those most directly affected, rather than giving Washington the whip hand.

President Johnson has already warned: "Additional bolder legislation will be needed in the years ahead."

Federal officials are now debating:

- Setting up new regional agencies to develop and manage water resources of entire river basins.
- Levying penalties against industries that sully the waterways.
- Allocating massive increases in federal spending for water control.

Some of these approaches may be far in the future. But legislative aides to Rep. John Blatnik of Minnesota, a pioneer of federal anti-pollution legislation, and key Administration officials flatly predict a big push for new laws in the next session of Congress.

Bills will include a controversial tax write-off for industries that install facilities to treat industrial waste; major expansion of funds available to municipalities for sewage treatment facilities.

Of key importance will be the expansion of the work of the Army Corps of Engineers. It will be putting greater emphasis—and spending more money—on storage facilities to dilute stream pollution during drought periods.

Antipollution efforts are likely to draw support from the Administration's beautification program and the new Department of Urban Affairs.

Dr. Allen V. Kneese, water resource program director for Resources for the Future, Inc., views much of the shortage scare talk as based on "statistical mirages."

Waste makes want

In the arid West, there is terrific pressure for major water distribution projects and nuclear desalting. But most shortages there, Dr. Kneese asserts, are the result of an incredible loss of irrigation water through wholesale seepage and evaporation.

This is partly fostered, he points out, by heavy subsidies that insulate the user from the true costs of irrigation water and thereby discourage its most economical use.

In the East, a four-year drought has had New York City over an empty barrel. Resources for the future estimates, however, that comparatively small increases in storage capacity would guarantee the region an ample water supply. "This is a positively devastating argument against the conception that we are running out of water," Dr. Kneese concludes.

No one, of course, is denying that shortages of clean water do exist near some population centers.

Several authorities speculate that it may be necessary—in the distant future—to tap Canadian water resources through mammoth diversion projects and desalt ocean water for coastal areas.

But many agree with Dr. Ralph Fuhrman, director of the Water Pollution Control Federation that: "There's an awful lot we can be doing short of that."

Recent progress includes:

- More efficient use—and reuse—of existing resources by industry.
- Improved treatment of wastes.
- Progress in municipal treatment.
- Stiffer regulation by the states.

Dr. Richard Hoak of the Mellon Institute, which conducts research for the steel industry argues that it's more economical to clean up supplies on hand than to seek new sources. "The water's here," he says. "It's not a thousand miles away."

For the next few years, even under the new federal law, the future of water quality standards depends largely on the states.

What one state did

One state's story comes from Blucher A. Poole, director of Indiana's Bureau of Environmental Sanitation and a member of the President's Water Pollution Control Advisory Board.

Indiana made a survey of its long-range needs and developed a program of resources development and improved treatment to permit more intensive reuse of existing water supplies.

The state made a deal with the Army Corps of Engineers to enlarge future flood control projects and impound more water for supplies.

Indiana will pay for the added construction costs, sell water to municipalities and industries and put the proceeds into a revolving fund to help finance future projects.

Extensive treatment and reuse of water is already a reality in Indiana, Mr. Poole says. He notes that one river is used six times over in the space of 100 miles by three

HOW COMPANIES ARE CLEANING THE STREAMS

American industries are making real progress in cleaning up their own wastes and conserving water.

Experts praise the work of the pulp and paper industry, for example, which now includes waste-treatment outlays as a normal cost in designing new plants.

And in the steel industry, Bethlehem Steel Corp., for instance, cranked extensive treatment and reuse potential into design of its Burns Harbor plant. National Steel Co. recently designed a plant with virtually no stream discharge.

Granite City Steel Co., Granite City, Ill., says it spent \$3 million on new treatment facilities at an existing plant, discharging water "better in quality than that being withdrawn from the Mississippi River."

Bethlehem has long used treated municipal sewage for its water supply at a plant near Baltimore, and Kaiser Steel Corp. pioneered production in which water use is a fraction of the industry average.

The Sheffield Steel Division of Armco Steel Corp.'s plant in Texas has installed a recirculation system that cut withdrawals from 6,000 to only 2,000 gallons a day from underground sources.

Several industries, including big oil firms, dispose of troublesome wastes by pumping them deep into the ground. Examples: FMC Corp., toxic wastes from a defense plant; Anaconda Co., low-level atomic wastes.

Allied Chemical Corp. spent some \$3 million at one plant alone in redesigning its production processes to reduce wastes.

At Big Spring, Tex., treated waste from an oil refinery is being used by other local industries, thereby reducing demand on supplies.

The detergent industry spent \$150 million in the successful search for a foaming substitute that would not resist sewage treatment.

At Ventura, Calif., researchers are experimenting with recirculation of a community's wastes through reverse osmosis—passage of partially treated water through a membrane under pressure. Companies in this field include General Dynamics Corp., Aerojet General Corp. and Culligan, Inc., which is test-marketing smaller units.

Both Sterling Drug, Inc. and Dorr-Oliver, Inc. have processes for wet burning of the vast amounts of sludge settled out of municipal wastes.

Pittsburgh Activated Carbon Co.; West Virginia Pulp and Paper Co.; Atlas Chemical Industries, Inc.; Dorr-Oliver and the Graver Water Conditioning Co., among others, have commercial applications of a process using specially treated carbon to cleanse wastes.

Nichols Engineering and Research Corp., New York, and Bartlett-Snow-Pacific Inc., San Francisco, manufacture multiple-hearth furnaces which reactivate carbon saturated with contaminants.

Such firms as Dow Chemical Co., Union Carbide Corp. and Calgon Corp. produce polyelectrolytes, synthetic organic substances which cause solids to coagulate and settle out of waste water.

Electrodialysis—use of membranes and an electrical field to remove salts—is under development by Ionics, Inc. of Cambridge, Mass.

Ion exchange, use of resins to which dissolved salts adhere, is being developed by Rohm & Hass Co., Philadelphia; Nalco Chemical Co., Chicago; Dow Chemical and Pfaltz Permutit, Inc., Rochester, N. Y.

Infilco, Inc., a division of General American Transportation Corp., has developed substances to remove phosphates, a component of detergents and agricultural chemicals, from municipal wastes.

WATER CRISIS

continued

cities and three power plants, each of which absorbs the entire flow.

Continental Steel Co. is using for industrial purpose the treated waste water from the city of Kokomo. East Chicago is intensively treating its municipal wastes and recently was negotiating water sales to industry.

How far would reclamation stretch the nation's water supply? Says one expert: "Since the nation's industries use four times as much water as the nation's homes, reuse of waste waters would be of major significance to business."

"I've had good cooperation from industry," Mr. Poole declares. Recently Bethlehem and Midwest Steel Corp. plants spent \$13 million on waste treatment facilities which he regards as "the best in the world."

Significantly, Mr. Poole reports that Indiana's standards have proved no deterrent to industrial development.

Proponents of nationwide federal standards argue that states have been unable to adopt needed standards because industry threatens to move to states with more lenient rules. But he says that in 35 years in the business, only three companies said they would move and none did.

Wants flexible approach

Mr. Poole opposes uniform regulations for the nation's waterways and argues for flexibility of enforcement and time to comply. "The states themselves have beefed up their laws materially in the last decade. They all have much more aggressive programs than they had 10 years ago."

Regarding industry, he adds:

"My experience has been that top management has come to the realization that waste treatment is part of the cost of doing business, like materials and labor. What industry needs is time to go about it in an orderly fashion.

"You can't blame industry for holding off putting in treatment for a plant they pretty well know they'll retire in three to five years."

Plants of the latest design have built into the production process ways to recirculate water and recapture substances that otherwise would be discharged into a stream.

These range from recovery of more pulp in paper-making to substituting chemicals for water in

rinsing acid-treated copper ingots.

Cleanup is in progress on the Kanawha River in West Virginia, for example, at a major concentration of the chemical industry.

Industry has already spent \$20 million and surrounding municipalities \$30 million in a highly successful first-stage cleanup which has reduced pollution 40 per cent.

A new law in Alabama gives plants and municipalities seven years to clean up their water. State regulatory officials say it won passage only because of strong industry support.

How industry helps

Industry itself spends more than \$100 million a year on its waste treatment efforts. Present facilities are valued at more than \$1 billion.

Industry estimates that construction of municipal waste treatment facilities since 1956 without federal grants has amounted to \$2.1 billion.

Business experts point to the Ohio River Valley Water Sanitation Commission as a good example of interstate cooperation to clean up dirty water on a river basin basis.

In 1948, all sewage from communities along 1,000 miles of the Ohio River was dumped into it untreated. Now 99 per cent of the waste is treated. On the river and its tributaries are 1,300 communities with treatment plants. They represent an investment of \$1 billion, or \$100 per person for a population of just over 10 million.

The Commission reports that industry cooperates, as well. Of 1,700 plants discharging waste in the district, 90 per cent meet minimum standards and many exceed them. The Commission, with industry support, is in the process of stiffening these minimum requirements.

John E. Kinney, a consultant to several major companies, urges industry to help states adopt water standards that they can successfully defend if challenged by the federal government under the new Water Quality Act.

"Water management in the future will be our big control over development," Mr. Kinney warns.

Other experts agree. Irving K. Fox and Orris C. Harfindahl, in a study published by Resources for the Future, note that the Corps expects to increase spending for water resources, which stood at \$1 billion in 1963, to \$2.5 billion in 1980.

"Of greater significance than the size of the investment is the fact

that federal programs dominate the pattern of development on major streams and their tributaries. The structures erected under these programs alter for the indefinite future . . . the nation's river systems and thus determine how their waters and related lands may be used for a long time to come."

Says give states time

Mr. Kinney feels that, in view of their progress in recent decades, the states can develop realistic, acceptable standards for their streams.

"The time element is the biggest thing against them," he warns, adding: "The stakes are industrial, in terms of costs, but essentially public in terms of the effect."

Adds A. J. Steffen, president of the Water Pollution Control Federation: "I personally believe that each state should determine its own standards."

He and others feel that federally imposed standards are likely to ignore the fact that employment of a stream's waste-disposal capacity is a legitimate economic use, and that the true cost of cleaning up any given stretch of water should enter into basic decisions.

"A stream that is satisfying legitimate uses is not polluted," he adds. For example, it would be cheaper in many areas to build swimming pools to meet all recreation needs than to make a natural stream fit for bathing.

In classifying any stream, he asks: "What's the economic limit?"

Mr. Steffen, a former engineer with Wilson & Co. and now vice president and general manager of the Ralph B. Carter Co., equipment manufacturers, concludes:

"The public pays for water pollution control. When industry builds a treatment plant, the public pays for it."

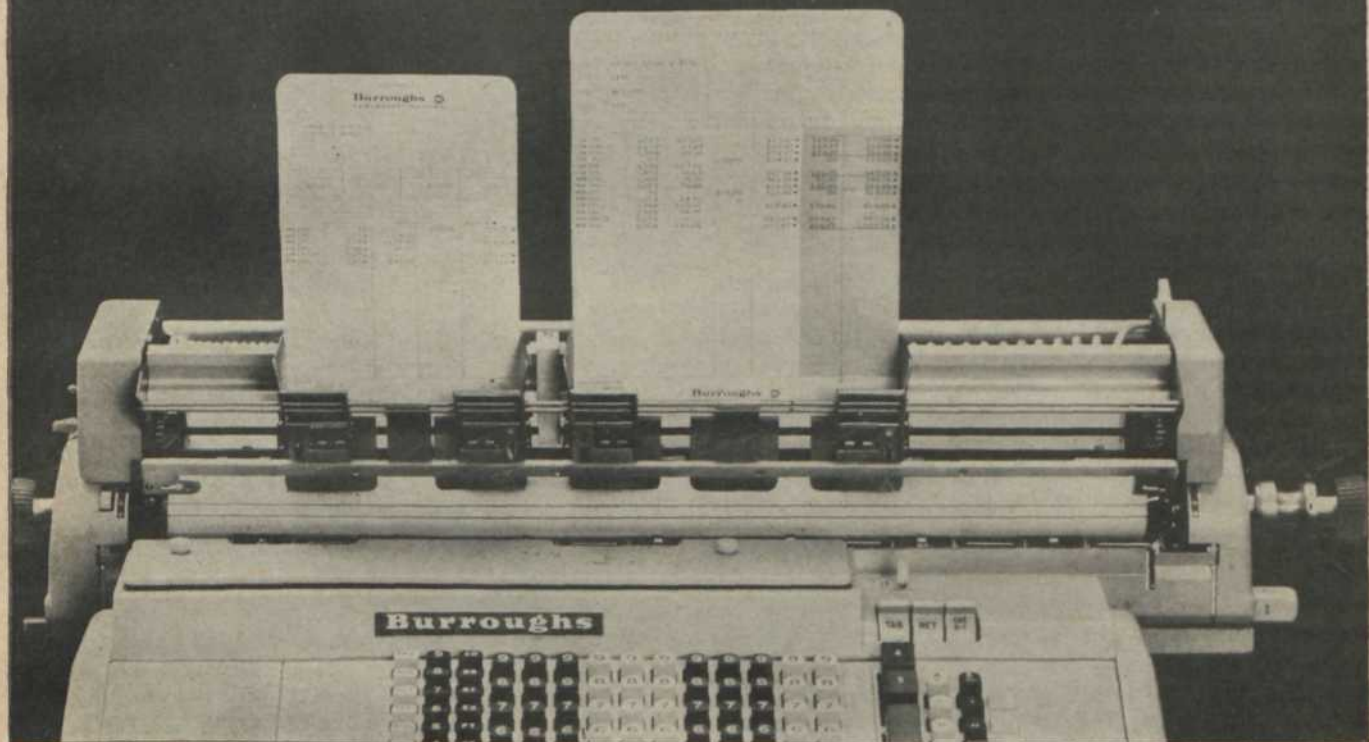
Dr. Kneese feels that massive storage facilities to provide water for dilution of pollution are extremely wasteful. He advocates adoption of a river basin approach to both water and sewer supply developed in the highly industrialized Ruhr basin in Germany.

With water resources managed by an authority on a basin-wide basis, industries and cities pay a charge for the pollution they contribute to a given stream and these funds are used to pay for treatment.

In the case of a given industry, management has the flexibility to determine how much pollution abatement to crank into the internal production process, how much

NEW PRODUCTIVE POWER FOR ACCOUNTING MACHINES

drop
them
in...
then
hands off!



It's just that simple if you have a Burroughs Accounting Machine with Automatic Form Alignment.

Here's the first practical advancement in automating the manual task of accounting machine forms handling.

All the operator has to do is place the forms—one form or two different forms—in the alignment chutes and that's all. The forms are positioned independently and automatically to the next posting line—wherever that happens to be. After posting, the forms are ejected automatically.

You'll benefit from increased accounting productivity because posting is faster, simpler and less fatiguing. Your records will be neater, too.

This new feature with either single or double automatic form alignment capability is available only on Burroughs machines.

See it demonstrated soon at your nearby Burroughs office.

Burroughs Corporation

Detroit, Michigan 48232



WATER CRISIS

continued

treatment to give discharges before they are dumped into the stream or transferred directly to a treatment plant run by the authority.

A key element of this approach, however, is recognition that for a stretch of several miles, a given tributary stream serves as an industrial waste conduit—a sewer—a fact certain to outrage American conservationists who want every stream a trout stream.

Whether this approach is ever adopted here, and it has been studied by federal officials seeking new antipollution tools, it does put the economic facts of life in focus, making clear that the true cost of water includes waste treatment.

Industry has cautiously examined the idea, though few observers

speak out on the subject. One who does, Ford Shepherd of the Mead Corp., concludes:

"To me, it's the only way out. We're all going to come to this some time. There's no other avenue for us to go except a kind of regional thing."

Other industry-minded sources, including consultant Kinney, fear that this kind of approach might be distorted into a punitive tax on industry without direct application of the funds to treatment facilities.

Whatever "bolder" legislation forecast by President Johnson finally emerges, it will come only after extensive debate. Inside Administration sources confide that "in the bowels of the government a fierce war is going on" between bureaucrats with a stake in continuing and expanding current controls and subsidy programs and those who want to experiment. **END**

closed, convince them that there is a purpose to staying in school and give them special training so that they may qualify.

For minority groups, the pattern of life must be reconstructed; there is no easier answer. Having determined that all men and women shall have equal treatment, we must also commit ourselves to transforming the conditions of life which make them unequal.

There is nothing in Title VII which says a person must be hired BECAUSE he is a Negro—or a Mexican-American or a Lithuanian or a Pole; or BECAUSE he is a Christian or a Jew; or BECAUSE he is a man (or she is a woman).

The law spells out quite clearly that a person must qualify for the job—and with equal clarity that he shall not be denied a fair chance at that job because of his race, color, religion, sex or national origin.

There is nothing here in conflict with American free enterprise. The prophet of Western capitalism, Adam Smith, would applaud the program I am sure.

But human dignity and justice are matters, not only of dollars and good sense, they are matters of simple decency and conscience.

The real measure of how we, as Americans, succeed in this responsibility will be the extent to which we are willing to stand for and work at the proposition of equal opportunity.

There has never been any doubt in my mind about the American people. Their allegiance to their birthright and their larger love of freedom and fairness, which we call patriotism, has always moved them to action when the cause is just.

FRANKLIN D. ROOSEVELT, JR.
Chairman
Equal Employment Opportunity Commission
Washington, D. C.

► *Editor's Note: Though Mr. Roosevelt says that what NATION's BUSINESS reported was "not remotely Commission policy," the Commission's own report on the White House Conference shows that Commission officials themselves explicitly backed many of the proposals reported in the article.*

Mr. Roosevelt has testified in favor of legislation giving the Commission power to enforce its conciliations by issuing "cease and desist" orders.

Mr. Roosevelt makes a persuasive case in showing the extent to which business already is promoting equal employment.

ROOSEVELT TELLS *continued from page 12*

and carry forward more aggressive leadership and participation by private business in promoting equal employment opportunity. More than 300 major concerns, employing almost 9 million persons, have drawn up formal pledges to take affirmative action, to do more than is required by law, to provide job opportunities for all Americans based on merit alone.

Here are just a few of their accomplishments:

In Huntsville, Ala., employers have set up a training program to prepare minority group students and school dropouts for jobs, through free remedial reading and guidance classes.

In Boston, 800 business, civic and political leaders attended the New England Equal Employment Opportunity Commission's proposed Affirmative Action Program.

In Dallas, a regional seminar in equal employment practices was attended by more than 500 business executives from 14 states.

In St. Louis, McDonnell Aircraft Corp. has held a series of "Action for Progress" meetings of all of its 3,400 supervisors, to implement the company's fair employment code.

In Milwaukee, businessmen and industrial leaders have formed a volunteer Equal Employment Opportunity Council which has been operating for two years. It includes 170 companies employing

200,000 workers. A key part of the Milwaukee program is consultation and advice at high schools and colleges on training courses which will prepare students specifically for the jobs they will seek.

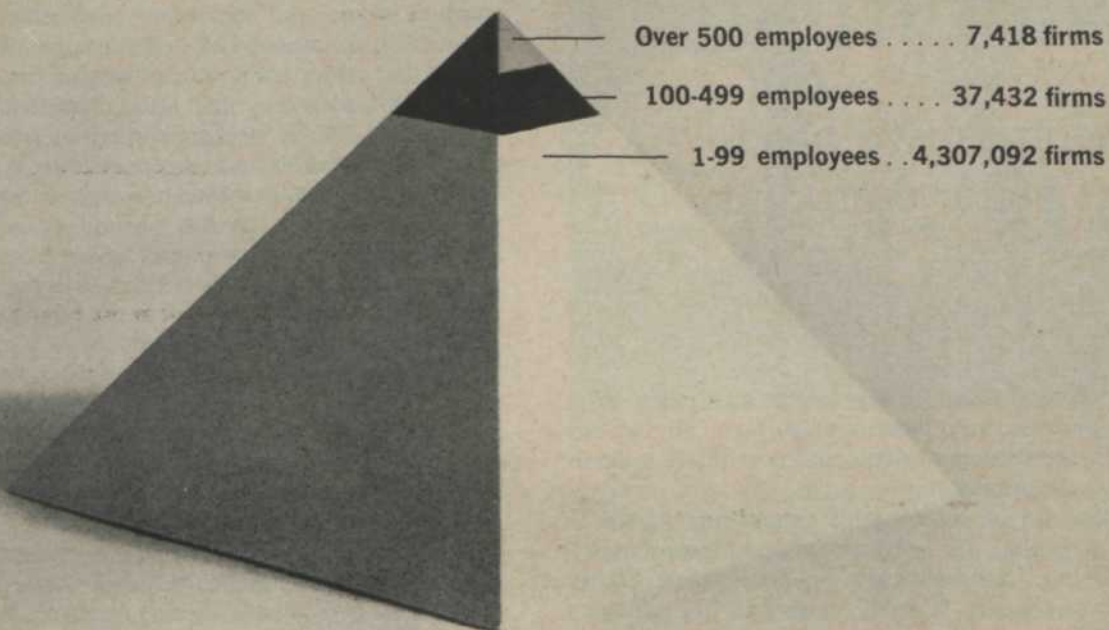
In Chicago, a Merit Employment Program run by key business and industrial leaders operates on a \$30,000 annual budget (plus much additional money and effort donated by participating companies) and uses slide presentations, publications and private interviews to sell fair employment policy. By next June, the Chicago committee hopes to have contacted the 1200 Chicago area companies which employ 250 or more persons.

These are samples of what can happen in every community in the nation.

This is why we at the Equal Employment Opportunity Commission look upon our affirmative action programs—our 60 cities' Merit Employment efforts—as one of the most vital parts of our responsibility.

It is not enough to cease to discriminate. Through business and civic programs such as Plans for Progress has begun—and such as the Commission is presenting to communities throughout our nation—we must go out looking for potential employees, help them to understand the new opportunities that are suddenly opening up, let them know they are now welcome in places where doors were once

DEPTH



SOURCE: U. S. DEPARTMENT OF COMMERCE

THE BUSINESS MARKET: ANALYSIS BY EMPLOYEE SIZE

The business market is shaped like a pyramid. At the top, few in number, but enormous in size, the giant corporations: "big business." In the base, the multitudes of growing, expanding firms employing fewer than 500 people. There are 4,307,092 of the latter . . . 99% of the total market. If you sell to business and industry, you can't afford to overlook the giants. But it's clear that there is much more to the business market than these 7,418 companies. It's the vast number of smaller firms that make up the major portion of your market, hold the best hope for profitable sales growth. The Nation's Business audience of 765,000 is pyramided in much the

same way. With 145,000 executives in firms employing 500 or more and selective coverage of presidents, owners, partners in more than 400,000 companies in all, you get coverage in depth of the whole business market . . . when you advertise in Nation's Business.



ADVERTISING HEADQUARTERS

711 THIRD AVENUE

NEW YORK, N. Y. 10017

No, not another committee

Sometimes two heads
aren't better than one

TODAY'S PROBLEMS and opportunities often seem too complex for any individual to have all the answers. So we combine talents and coordinate specialists to get the answers.

But the use of groups and committees tends to breed habits that are not always desirable or necessary. Writer Cameron Hawley, formerly a highly successful manager himself, describes the dangers this way:

"Professional management tends to encourage bureaucratic corpulence. Just as the doctor these days calls in a specialist at the blink of an eye, so does the professional manager. The Old Man of my youth was a G.P.—a general practitioner. . . .

"Not today. Now you set up a clinic—economists, market analysts, statisticians, methods experts, legal advisers and others. Then you need more experts—organization specialists—to find out (after careful study, of course) who is supposed to do what, and the proper procedures to get them to do it without making someone unhappy in the process.

"So," observes Mr. Hawley, "the bureaucratic fat gets thicker and thicker. . . ."

The prevention of bureaucratic corpulence lies in a better understanding of what groups can and cannot do, and what you can reasonably expect from different types of groups.

When to call a meeting

There are times when a meeting is the most efficient way to compress time on a situation (though the meeting itself may not actually save man-hours). A meeting is, for example, often the quickest way to inform several people of a situation or a plan and to do it in a way that is not subject to distortion through the communication loss along the chain of command.

A group often provides the quickest way of collecting information. By assembling a team of specialists, under a leader who understands the dangers of digressions and irrelevancies, you can often pool knowledge much more rapidly than by contacting its members individually. Mental associations formed in a group help members stimulate one another.

A group is a good way to test assumptions, theo-

ries or proposed solutions, assuming that a constructive attitude can be maintained.

And a group is also a tool for compiling a quantity of alternatives or ideas on a creative problem.

The area where groups or committees begin to cause more problems than they solve is that of planning and policy-making—the making of decisions.

Dr. Edward H. Sargent, Jr., an authority on discussion groups and conference leadership, says: "We have false concepts of the relationship of group process to an administrator's duties and responsibilities. He cannot surrender the latter and hold the group responsible for his decisions. Neither can the group take over his duties and responsibilities.

"The administrator can, however, when he faces a problem for which he has no answer, present it to the group. The group may furnish him with facts, opinions and possible solutions; however, both the group and the administrator must recognize that the final decision must rest with him."

Any time a situation calls for action, therefore, the best thing the manager can do is to think twice before calling a meeting. He may eventually end up with a group, but he should have decided in advance what kind he wants, exactly who should be in it, to what extent they should participate, and what, specifically, he expects the group to contribute. The point is that the difficulty of accomplishment increases by the square of the number of people involved.

The square of the problem

Let's test this theory by taking a common problem and seeing what happens as we introduce new elements into it. We will say that the Acme Co. wants to introduce a new product as an addition to its existing, successful line. The premises in this situation are almost universally applicable. They will apply in a small company, a division of a large company, a retail store adding a new line of merchandise or a service organization seeking to broaden its



offerings to clients. Except for the smallest type of organization, or for an outright autocratic management, the standard procedure is to turn the job over to some kind of task group.

The minute the decision to organize a group is made, questions are raised:

Who should be in the group? How large should it be? How should it operate? What do you expect the group to contribute?

Examine some of the individuals in the Acme Co. and see if you can predict what will happen as their group forms. Start with the top executive. This is a purposely ambiguous title. His actual function and level would depend on the size of the company. If it were a smaller company, he would probably be president. In a larger company, he could be the division manager. In a retail store, he could be a department head or buyer. In any case, he has the responsibility for the project.

His goal in introducing the new product is to get it into distribution, and sell it at a profit, in the least amount of time and at the least cost.

He also has an opinion of how this should be done. He thinks the production and sales departments should do their parts under the coordination of a second-line executive we will call the product manager.

(Now if we stopped right here, getting action could be simple. The top executive would undoubtedly, from his experience and knowledge, make necessary decisions and issue necessary instructions to get the program going and the product on the market. But we've already introduced a second man and two other functions into the picture.)

So, meet the product manager. He has the coordinating responsibility. He realizes that his future success in the company will depend on how well he accomplishes this. His motivation is, in a word, strong.

He also has an objective: to get the product out and selling so that the money invested in it begins to return.

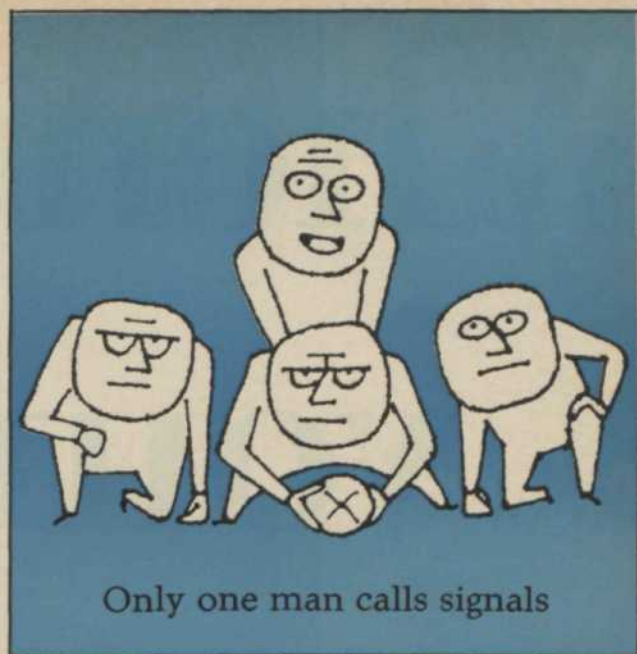
He has an opinion of how this should be done: Push the production people to build up stock so sales can begin filling the pipelines.

So far there are no major conflicts. Two men yield two objectives and two opinions. That's four factors—the square of the number of people involved. But all four of these factors are compatible and harmonious and any minor differences could quickly be ironed out if only the two men were involved. But let's add to our group.

The production manager must make or otherwise supply the new addition to the line. He is concerned, on a direct responsibility basis, with such factors as plant, equipment, materials and suppliers. He must be concerned with all of these and he must have all of them in effective quantities if he is to supply the product at a reasonable finished cost.

He also has an objective. Although he is enthusiastic about the new product and realizes its potential importance to the company, he wants to produce it without disrupting or otherwise interfering with the production of other established products which he is also responsible for producing.

He also has an opinion: In order to get produc-



tion on this new product, he will need more plant, more equipment and more people. And not until he gets these will he be willing to commit himself to meeting the product manager's goals.

So, to the situation we left with the top executive and the product manager, we now add an additional objective and four opinion factors—plant, equipment, people and time. Our new problem is now up to nine considerations—the square of three people.

And what does the sales manager contribute? He is responsible for moving the product once it is available. This will involve training his sales force, promoting the product, allocating time for the sales force to spend on the new product and, at the same time, keeping all his present customers happy.

He also wants to demonstrate that he is still the number one salesman in the company by getting this product out and selling successfully—but without losing sales on any present products and while maintaining progress toward the increased sales goals set up for the year.

He has some very definite opinions on how to sell the product. First, added manpower with an intensive training program. Then a big (meaning expensive) initial promotional push, followed by heavy, sustained (meaning expensive) advertising and promotion. Special incentives must be given salesmen for orders from new customers; prices must be lower than competitive products and he must be assured of full production of adequate quality to insure that his men can promise immediate delivery.

Now we've cranked in considerations of manpower, training, promotion, advertising, sales incentives, prices and production to our previous nine considerations. We are up to a total of 16—the square of the four people we've involved so far.

Now the conflicts

Already the difficulties of accomplishment are increasing at a progress-choking rate: How, for example, are we going to meet the demands of the sales

When should your Xerox



600,000 copies?



1,000,000 copies?

Don't worry about it.

One Xerox 914 copier, installed in 1960, has already made more than two million perfect copies. And it's still going strong.

There's a reason.

We sell copies—not machines. We want all of our copiers, new and old, to keep copying.

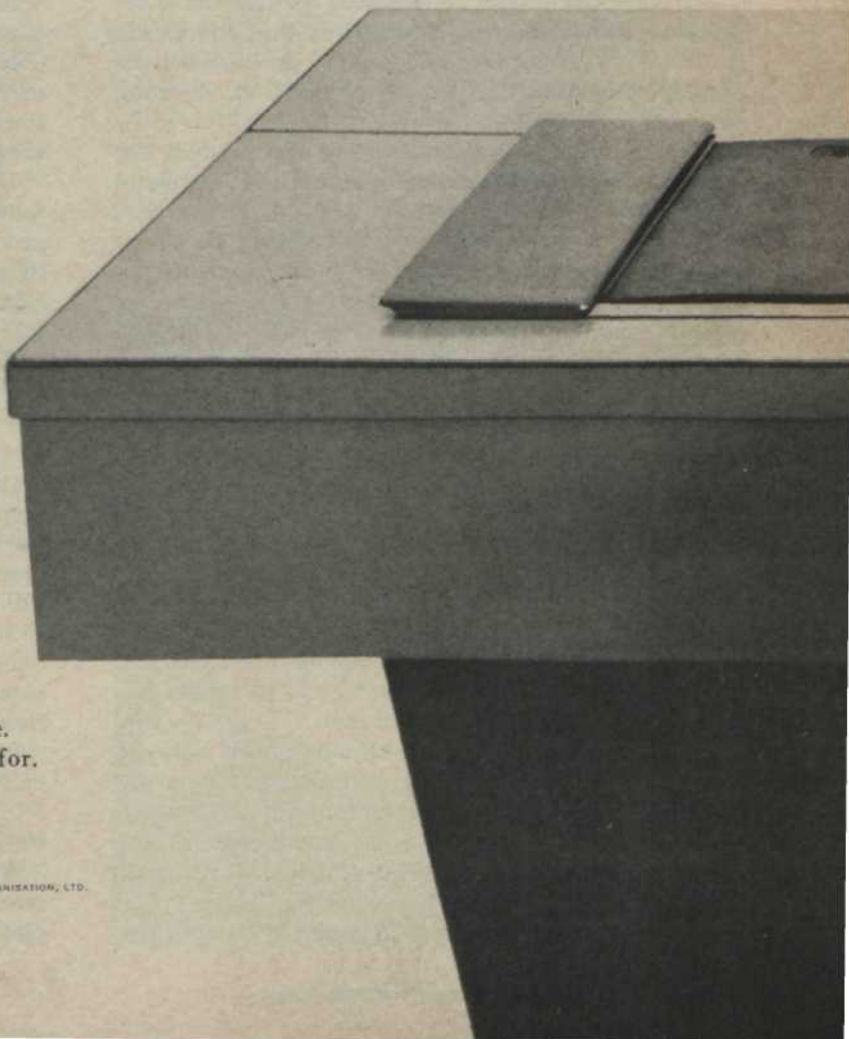
That's why we take care of all Xerox copiers without additional charge to you.

That's why, when we improve our new copiers, we go around and make the same improvement in all our copiers regardless of age.

In short, a 1960 Xerox 914 is making copies that look as sharp as copies made on a 1965 Xerox 914.

The best copies. The best copiers. The best service. In copying, like everything else, you get what you pay for.

XEROX

XEROX CORPORATION, ROCHESTER, NEW YORK 14603. BRANCH OFFICES IN PRINCIPAL U.S. CITIES.
OVERSEAS: RANK XEROX LTD., LONDON; FUJI-XEROX CO., TOKYO, BOTH JOINTLY OWNED WITH RANK ORGANISATION, LTD.
XEROX AND 914 ARE TRADEMARKS OF XEROX CORPORATION.

you trade in
914?



manager for relatively heavy selling investment expenses as well as the desires of the product manager for a quick return on investments already charged against the new product? Furthermore, both the product manager and the sales manager want immediate production; but the production manager wants to add to plant, manpower and equipment first—all three of which mean delay.

What further complicates the situation is that every one of these men is being completely reasonable. But each of them, as he is added to the policy or decision-making group, slows the implementation of the top executive's decision to go ahead.

Suppose that the original Acme Co. Task Group also included the key assistants for each of the operating managers.

The production manager would bring in his packaging engineer who'd add all his opinions on sizes of packages, the difficulty of obtaining shipping containers, the need for labels stock of just the right weight.

And the sales manager might bring in his advertising manager and the five regional sales supervisors. ("After all, they're out there where the customers are.") You can easily see that a donnybrook of major proportions would be the main feature of the meeting. And this, when everyone concerned was being completely reasonable and doing the job he is paid to do.

So how do you avoid all this? You don't. Like any other governing principle, you learn to work within its limitations. To start with, you can minimize the use of groups by using them for those things they do best: getting and giving information, testing current thinking, pooling knowledge and ideas.

Next, you select group members for the direct contributions they can make to progress. In the case of the Acme Co., the group should stop with the four key executives. Let the packaging man justify his problems to the production manager; let the regional sales supervisors give their opinions to the

sales manager. The managers have the responsibility for reconciling the divergent views of their subordinates, so let them do it.

In line with selecting your group members, it will pay to heed the observation of W. A. Peterson, of the Jaqua Advertising-Marketing Co., Grand Rapids, Mich.: "A man thinking in a group will be only as good as he is as an individual personality. The finer and bigger and more worthwhile the mind he brings to group thinking, the more he will have to give."

Another consideration in calling for group action is to tailor your expectations to the limitations of a group. Here are some common limitations:

A group will move only as fast as its slowest member. So pick fast-moving people if you need action in a hurry. This will usually be more satisfying to the people, also.

David Sarnoff, board chairman of Radio Corp. of America, points out that "Success results when a man has the opportunity to express unimpeded the forces within him, whatever they may be. To be able to develop and enjoy these forces is the greatest measure of success."

Another group limitation is that it will accept only the boldest course of action acceptable to its least bold member. If your problem calls for aggressive, forthright action, pick bold men.

A further limitation is that a group will be only as imaginative and creative as its least creative member.

As Crawford H. Greenewalt observed, during his term as president of E. I. du Pont de Nemours & Co., "The problem in our present society, a problem which is common to each of its many elements, is how best to preserve the creative power of the individual in the face of organizational necessity."

In summary, then, although the difficulty of accomplishment does seem to increase by the square of the number of people involved, groups are still necessities in an organization. The big problem is not that of avoiding their use. It is that of being discriminating in their use. Think through what you expect from the group. On this basis, you adjust your expectations to the task you give it, to the group's composition, and to the direction that is exercised.

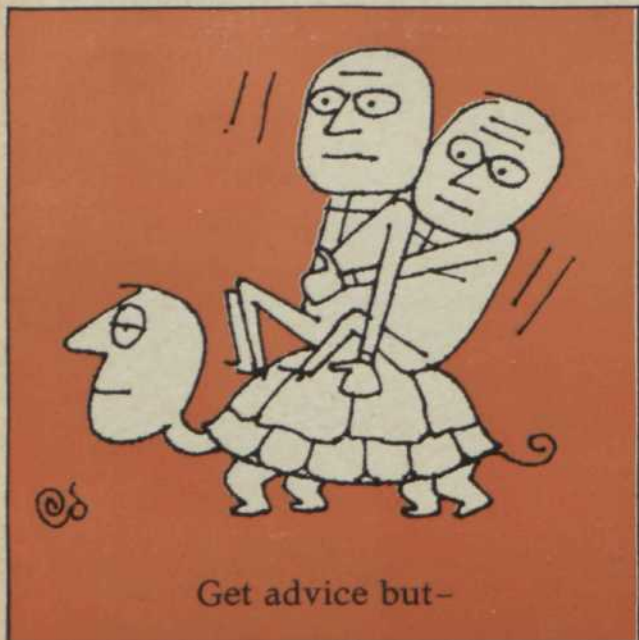
But no manager should ever use a group or committee as a substitute for individual thinking and decision-making.

Dr. C. Hugh Holman, of the University of North Carolina, points out: "The committee is a symbol of organization morality, for its goal is not accomplishment but compromise. Team play is effective only when somebody is clearly calling signals—a simple fact we often appear to be in danger of forgetting."

Planning and policy-making are still jobs for the individual—for the manager who wants accomplishment rather than compromise. This is the ultimate responsibility which he cannot efficiently delegate to a group.

JOSEPH G. MASON

REPRINTS of "No, Not Another Committee" may be obtained for 25 cents a copy, \$12 per 100, or \$90 per 1,000 postpaid from Nation's Business, 1615 H St. N.W., Washington, D. C., 20006. Please enclose remittance with order.



**Warning to all husbands:
this woman has an automated charge account.**

She's had the guesswork and problems taken out of her credit-card shopping—by stores equipped with NCR Total Retail Systems. Her special credit card has interesting little holes punched in it. She just hands it to the salesperson—who slips it into the NCR educated sales register. (It's been taught to read the account number on the card.) The only handwriting involved is the

lady's signature. The entire process is automatic from then on. Tapes are removed from sales registers and fed into an NCR 315 computer. Back come: updated customers' accounts for the store (and itemized statements for her.) No errors, no adjustments, no irritations. The retailer who enjoys her business feels pretty good, too. Along with his error-free charge system,

he gets daily reports on scientific inventory management, unit-by-unit, including predicted future sales. Plus tax reports, productivity reports and everything else a business needs to know. If he has no computer he can mail the tapes to an NCR Electronic Data Processing Center; it's inexpensive. For details, call your local NCR man. Or write to NCR, Dayton, Ohio 45409.



Fleet Maintenance Manager Al Kantaros ran a 6-month cost comparison test between a gas engine and GMC's Toro-Flow diesel. The result: "Absolutely fantastic for a medium-tonnage operation!"



Al Kantaros is not easily convinced.

But when he is, he gets enthusiastic — especially when it involves more economy in the operation of his nearly 700-truck fleet. He's fleet maintenance manager of Best Coat and Apron Manufacturing Company in New York City, one of the country's largest uniform and linen rental services.

Kantaros' enthusiasm stems from a six-month cost comparison study of GMC's Toro-Flow diesel and a comparable gas-powered truck. He put the Toro-Flow in daily operation between Portland and Bangor, Maine, comparing its cost of operation with the former truck on the same route, a gas-powered vehicle.

Toro-Flow Saves \$1,000

"You wouldn't believe it," Kantaros smiled. "In those six months, the Toro-Flow powered job cost us nearly \$1,000 less to operate. Absolutely fantastic for a medium-tonnage operation!"

Kantaros said the Toro-Flow racked up a total of 32,697 miles in the test period, getting an average of 7.0 m.p.g. in fuel. There was no appreciable down time. However, the gas job went 28,476 miles on 4.8 m.p.g. with 17 days down time.

"Before we put the Toro-Flow on the route," Kantaros pointed out, "we had to keep two gas jobs available because of down time. This is a daily delivery and pickup route. That truck's got to be on



the road no matter what. The Toro-Flow never missed a day. We don't need two trucks anymore.

"Look at it like this," he went on. "Toro-Flow costs us less to operate. It's more dependable. And it cost us initially only about \$700 more. That means we're going to realize very big savings over the life of the truck. It was an excellent investment no matter how you look at it."

Adds Two More Toro-Flows

Since the test period of the one Toro-Flow, Kantaros has added two more to his fleet. One runs daily between Baltimore, Maryland and Seaford, Delaware, while the other has a route between Jersey City, New Jersey and Manchester, Connecticut. Kantaros already has compiled some startling statistics on both vehicles.

The Baltimore Toro-Flow, for example, has averaged a high 8.9 m.p.g. over a six month period. The gas powered truck it replaced averaged only 4.7. That figure surprised even the GMC sales representative in New York who first sold Kantaros on Toro-Flow power.

Three Hours Idling

"This is extraordinary," the salesman remarked. "Especially when you consider that the truck idles at least three hours a day. And a good portion of the operation was on a 7-day-a-week basis."

The third Toro-Flow averaged 7.2 m.p.g. compared to 4.1 on gas. That fig-

ure was over a three-month period.

Neither of the new Toro-Flows has had any down time to date, with the exception of routine maintenance.

Drivers Happy

"We're extremely pleased with these new trucks," Kantaros commented. "Our drivers like them, too. They require little



driver education because operation is very comparable to a regular gas job. They tell me they're easy to handle, comfortable and powerful. A driver doesn't tire so quickly because a Toro-Flow seems to take a lot less gear shifting on hills."

Kantaros' main attraction to Toro-Flow, however, was this. "Toro-Flow gives me all the advantages of a gas-powered truck. Lightweight, compact size, low cost — plus all the advantages of a diesel



in regard to economy and less maintenance cost. Toro-Flow has all these things in one engine."

Shows Confidence in GMC

Will he add more Toro-Flows to his fleet? You bet. Ask Kantaros.

"I've already called the salesman and told him to order two more GMC Trucks for me right away. I have a lot of confidence in our trucks—not on speculation, mind you. I've made these vehicles prove themselves first."

Toro-Flow Can Cut Your Costs

Why don't you put Toro-Flow to the test, too? Long hauls or short hauls, no stops or a lot of stops, Toro-Flow can meet your needs and save you money to boot. Contact the GMC Truck man in your area. He can give you an estimate of just how much you'll save with a GMC Toro-Flow. Do it now while it's on your mind.





Sidney Weinberg, now 74, has worked more than 58 years in the same neighborhood—financial district in downtown New York—where he started at \$3 a week and rose to senior partner at Goldman, Sachs & Co.

a \$50 course in accounting in Browne's Business College in Brooklyn in 1906, and it helped me considerably.

I have a large diploma that says I am a proficient accountant. That isn't a CPA by any means, but I learned a lot. This was all at night, of course. I must have gotten something out of it.

I was a great reader on my own. The people I worked with were always boosting me and I was made a partner ahead of many people who were senior to me. They told me this was due to personality, ability to work hard and good health—plus integrity and character.

What did you read? Do you recall anything specific?

What made the biggest impression on me, when I was around 16, was Horatio Alger. That stimulated my imagination and ambition.

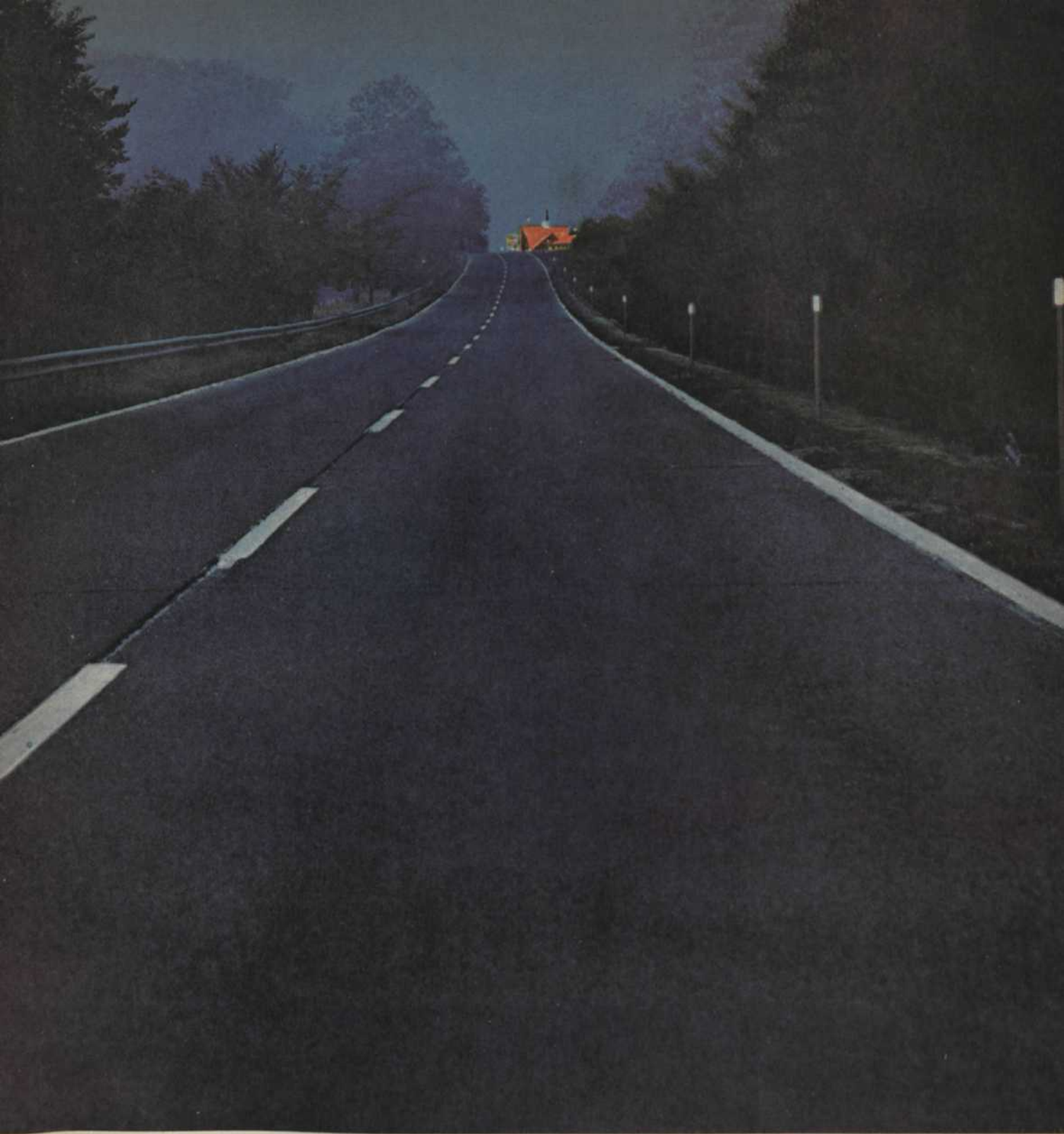
What else did you do to advance your career?

I was promoted from assistant porter to office boy in the partners' room. The partners called me "Boy." In fact, Mr. Goldman and Mr. Sachs did not know my name for many years and just called me "Boy."

That was a big promotion. It taught me to be clean and neat. You had to be clean and neat to be in there. I polished high hats, cleaned rubbers when it was raining. I filled the inkwells every morning, great big inkwells with silver tops on them which had to be polished.

The son of the senior partner, Paul Sachs, became interested in me. One night I went to his house to deliver a flag and he talked with me. He said, "You have a future with the firm but you ought to get an education. If I were you I'd go to New York University and take a course." He gave me \$25 to pay for the course.

He didn't tell me what course to take. I had never heard of New York University but I sought it out. When I went there they gave me a lot of information on a lot of courses that did not interest me. One course was investment banking. I knew they [Goldman, Sachs] were in the investment banking business, so I took that course. I think it did me a lot of good. One time, later on, when the firm was considering promoting me to the foreign department, I went to



insures hosts

The day is turning dusk. The family is getting restless. Then, around the bend, a welcome sight. The orange roof of a Howard Johnson motor lodge and restaurant. Host of the Highways.

A welcome guest to the Howard Johnson Company not so long ago was Insurance Company of North America. For INA was able to combine such divergent insurance coverage as

automobile, physical damage, workmen's compensation, burglary, fidelity, comprehensive legal liability and boiler and machinery into one integrated plan.

INA can provide compact insurance plans for any kind of business. We do so, in fact, for 358 of the nation's largest 500 companies (as well as a great many of the nation's smallest 500 companies). And we offer worldwide facilities

to serve you wherever you operate.

An INA business plan can include any imaginable type of insurance to eliminate overlapping coverage and reduce costs. Play host to your INA man soon for full details. He can also show you personal programs for your home, car, health or life. He's listed in the Yellow Pages.

INSURANCE COMPANY OF NORTH AMERICA
World Headquarters: Philadelphia



Customize a low-cost Chevy-Van for your job!

Shown above are just a few of the more than 80 special installations that can now be ordered through your Chevrolet dealer. Now you can equip a thrifty Chevy-Van for your kind of work! Order cabinets or bins, shelves or racks . . . special windows, floors or partitions, a refrigeration system or extra ventilation or more seating comfort. And much, much more. You name it! Get just what you need for your delivery work—and take advantage of these Chevy-Van virtues: low initial cost and upkeep, big 211-cu.-ft. load space, flat floor, big doors, to name just a few. See your Chevrolet dealer. . . . Chevrolet Division of General Motors, Detroit, Michigan.



LESSONS OF LEADERSHIP

continued

Columbia University and took a course in foreign exchange. Other than these night courses which lasted three to six months, I had no formal education.

What would you say, Mr. Weinberg, are the ingredients of success?

Hard work, character and integrity, plus personality, which is equally important as ability. These ingredients are necessary for success in any business. I would say four things, including the ability to work hard and being dedicated and interested. Whatever I did, I tried to do well over and beyond the call of duty. I usually stayed later than the other fellows in the office because I was interested and liked the work.

Later I was promoted to head the mailing room. At that time the firm used mimeographed and multi-graphed offerings of commercial paper and securities. I became proficient in running these machines and at a national business show held in New York in 1911, I won a \$100 prize as the fastest operator.

Over the years, you have served as a member of a considerable number of boards of directors of companies?

Well, I was on 35 boards one time. Many of them, though, were subsidiary companies. But this was too many. So I resigned from several.

I then got down to 18 large companies where I was an active director. I became as interested in being a board director as I was in investment banking.

You pioneered many changes in business through your work on boards?

Yes, I pioneered a lot of reforms in the work of being a director. Also I suggested various forms of incentives for officers that were in many cases new, such as stock options, deferred incentive compensation and liberalized pensions.

One of the controversial suggestions that I made was the retirement of outside directors at age 70. This was not well received by those over 70. But later it was accepted by a lot of companies, with some setting retirement at 71 or 72.

You're now on two boards?

Ford Motor Co. and General Cigar. I began to taper off several years ago. In 1957 I was down to 10 boards. This list in 1957 was

Champion Paper; Cluett, Peabody; Continental Can; Ford Motor Co.; General Cigar; General Electric; General Foods; B. F. Goodrich Co.; McKesson & Robbins; National Dairy Products.

I served on the Sears, Roebuck board for over 23 years. Even though I am not now a director of a great many of these companies, I feel at heart that I have very close relations with them.

Didn't you help form the Business Council, which advises Washington on business matters?

Yes. The late Ambassador Joseph E. Davies and I conceived and started the Council in 1933 at the insistence of Franklin D. Roosevelt. It was formerly known as the Business Advisory Council for the Department of Commerce. Now it is independent of any one department of government but advises many of them and many of its members have been recruited for government service. It has always had a very distinguished membership and has made a great and patriotic contribution to our country.

As near as I can figure out, I have missed only six meetings in 32 years.

Mr. Weinberg, what would you describe as the principal talents or skills which have enabled you to make such a contribution to American business?

Well, it is important to have the ability to get along with people, and know your own business well. I came up through every single department of our firm. The human equation is very important to one's success.

And having a sense of humor is most helpful. Even at the most tense meetings where I have been, where there have been extreme positions taken, I have had the happy faculty at some particular point to say something that would break the tension. A great many people say this was my greatest contribution when I was in government during World War II and during the Korean crisis.

Can you recall any specific examples?

Well, I won't give you any examples other than the kind that are frivolous, because there were sometimes serious matters of business and principle on each side. One that I think of involved Clarence Francis, who was then chairman and chief executive officer of the General Foods Corp.—where I was a director for 33 years and have

just retired. He likes to tell this story.

We had a very meticulous secretary of the company, and he was one of those men who did everything strictly according to the rules, whatever he had to do. Like all companies, we had patents to approve at board meetings. He would read every single patent in detail and their numbers. That is a complete waste of time and unnecessary in corporate affairs.

He read numbers. He said he would like to get the board's approval on patent number so and so. He went on for about 10 minutes—probably it was only three or four minutes. Finally, I yelled, "Bingo." That broke that up. They never again read numbers at board meetings.

You have been described as a wizard at reconciling groups with different objectives and then making them all feel like they won. How do you do it?

This is what they used to say about me in the War Production Board during World War II. I was a catalyst. I would try to bring all views together. Put the other fellow in a position to say, really, what you have been saying all along and then admit, "I think Joe is right. This is what we should do."

In view of this talent, don't you think you should have taken that appointment as ambassador to Russia?

I was offered many jobs in the government during President Roosevelt's time because I was very active in his campaign. After he was elected and before he was inaugurated, he said, "I want you to

Most economical way to store your 1965 records ... transfer to

PRONTO®



*Prices slightly higher in Texas, Colorado, west of the Rockies and outside of U.S.A.

FREE! MAIL COUPON TODAY

PRONTO FILE, DEPT. NB
415 Madison Ave., New York 17, N.Y.

☐ Please have your representative call with sample.
☐ Please send free color brochure.

Name _____
Address _____
City _____ State _____

A DIVISION OF LITTON INDUSTRIES

LESSONS OF LEADERSHIP

continued

be Assistant Secretary of the Treasury."

I said, "Mr. President, I am not going to take any job in the government except in time of war or an emergency. Then I would do anything."

Russia was a different situation.

President Roosevelt sent for me and opened the conversation by asking whether Joe Davies had talked with me about taking his place as ambassador to Russia.

I said, "He talked about it."

He then said, "I would like you to succeed Joe Davies as ambassador to Russia."

I said I felt highly complimented but that I had no training, background or education to be an ambassador.

He said, "Anyway, I want you to do this. I think you'll do a very good job and it will be a very refreshing thing."

I said I would be very glad to consider it and talk with my wife about it. He again urged me to do it.

So from there I went to see Joe Davies. He lived in Washington. He also urged me very strongly to take the assignment.

He said, "You will regret it all your life if you don't." He said he would be willing to leave some of his servants and the embassy had a good staff. He was being re-assigned to Belgium.

That was all very flattering. It was exciting.

Anyway, I went home and talked to my wife about it. She said, "Would you like to do it?"

I said, "Yes, I would like to try it. You can always get out of it by resigning."

She said, "It won't be as easy as you think to do that."

We talked about it all week end. She finally said, "I think it might be a good thing for you to do. It might bring a new interest in your life. You might get away from banking and a lot of other things."

Anyway, I called up Roosevelt the following Monday morning and said, "I'll do it."

He said, "Will you communicate with Secretary Hull?"

I did. I arranged to go down that Friday, to start learning something about Russia, and I did start. We started right away. I then came home one week end. My wife said, "I have been thinking about this. Our children, two of our boys, are

just going into Deerfield Academy. It bothers me like the mischief to have them tutored abroad."

This was July now. I was to go over in August. She said, "You go over and I will come over at Christmas time with the children."

I said, "What am I going to do in a big house with 49 rooms, all alone? I'll go mad. I can't do it."

Even with my family there, I would be restricted.

She said, "I am not willing to have my children tutored in a foreign country."

I said, "Why didn't you tell me that before. I am in a very embarrassing situation. I can't get out of it."

She said, "I don't want you to get out of it. I will come over for Christmas and Easter."

"I can't do anything like that," I told her. "It would be impossible. I can't live that way."

I went to see Joe Davies. I said, "Can't you get me out of this now? Talk to these people. It is very embarrassing for me. I just can't do it alone. I will not go over and stay in that house alone."

He said, "The only way to play this thing is to go down to see the boss himself. Tell him the truth. He is a human being."

The unfortunate part of it is that they had sent my name over and it had been approved. You have to go through a lot of processing of what you are, where your father was born and your mother was born and all that. I was accepted. This is what embarrassed Roosevelt.

Laurence Steinhardt took the appointment that President Roosevelt offered me. The President wrote me a polite letter and said, "You can show this to your grandchildren. You might have been ambassador to Russia."

Mr. Weinberg, what would you describe as the most satisfying thing that happened to you in your career?

Well, my marriage and my children. That is from the human point of view.

The greatest thing that happened to me was getting the Medal of Merit for my work in World War II. President Truman gave it to me. The other is the honorary degree from Harvard. I think I was the only one with just a public school diploma to get an honorary degree from Harvard University.

What in business has been most satisfying to you?

Just being a partner in one of the major investment houses in the

country. We are the largest commercial paper house in America, and we do a broad business in investment banking—well, there are only a few houses that are investment bankers and commercial paper bankers at the same time, and we are the largest. This is how Goldman, Sachs & Co. was started in 1869, as a commercial paper house. We only branched off into investment banking in 1907.

Do you have any preferences as to which kinds of industry you like to work with best?

No, the problems of industry, whether it is a small company or large, are all challenging and interesting and exciting. They all have problems. I have no preference.

Do you think that the principles of good management apply without regard to size or kind of business?

Right. Of course, there are the satisfactions of working with people. There are some people for whom you have to have a high regard. For example, Henry Ford II, who is one of the great young businessmen of America, a fine man, a good executive, and a fine friend.

In a large business you have many people to help you. But young Henry Ford is the kind of executive who could run a successful small firm. He is a real human being.

So is General Wood of Sears. I had a long relationship with him. And I could mention many others.

It has been said that you regard serving as a member of a board as a semipublic service. Why is that?

Well, it is a semipublic service. One ought to so regard it or not serve as an outside director. Being a director of a publicly owned company is an enormous responsibility.

In the first place, no director can be adequately compensated for the responsibility of being a director.

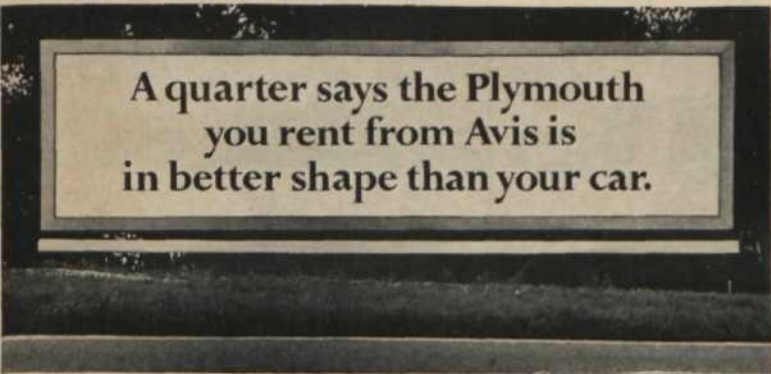
The private enterprise system won't work without outside directors being a check and balance on management. I believe the majority of directors should be outside directors.

The day of the stuffed-shirt director is over. Unless a man takes it as semipublic service, he shouldn't take on the assignment at all. People used to get on boards because it was a status symbol.

In what way can a board member help the corporation best?

By bringing an outside point of

Avis made a bet 9 months ago. So far it's cost us \$46.



A quarter says the Plymouth
you rent from Avis is
in better shape than your car.

The offer still goes.

At a quarter each,
that's 184 winners.

Or one out of 3,700
rentals. It's enough to
worry us a little.

And when we think
of all the customers who didn't bother to complain, we
really worry.

After all, Avis is only No. 2 in rent a cars, so we have
to try harder. Our Plymouths have got to be in better
shape than anyone's cars.

Including Raymond Keyes' car. Mr. Keyes, of White
Plains, N.Y., sent back the quarter he won from us, say-
ing: "When I got home, my car wouldn't start. Battery
trouble. But stay on your toes, Avis, I intend to get my
quarter back."

We're going to guard that quarter as if it were the
America's Cup.

It's easier to GROW in IDAHO!

Big timber, big mountains, big waters and big sky nourish a pioneering spirit. They all exist in Idaho. They inspire our Company and attract the kind of men and women who think big. Our people seem to thrive in this special atmosphere, where the satisfactions of building something new and vital are everywhere apparent.

We seek these people and many of them seek us, for the very reason that we are here.

To many people in urban areas, Idaho is just a vague place on the map somewhere between the Mississippi and the Pacific Ocean. But when they get here and sample the spirit of the state which nourishes Boise Cascade, they stay.

Some companies prefer to be located near the crowded centers of finance and industry. Fact is, the phone and jet have made us neighbors to just about anybody on the globe. Many of these people come to Idaho to play.

We of Boise Cascade live in Idaho. We work here. And we play under the big sky five minutes from work. We like it that way.

For complete information (confidential) on what Idaho offers your company, write

Idaho Department of Commerce and Development
Room 66D, State Capitol, Boise, Idaho



Robert V. Hansberger
President
Boise Cascade Corporation
Boise, Idaho

LESSONS OF LEADERSHIP

continued

view to management. The most important thing is that outside directors must be independent.

Switching to another topic, Mr. Weinberg, wasn't there an incident involving pressing the pants and polishing the shoes of a famous guest in your home?

I had been going to Nantucket since 1926. William Rosenwald, a very good friend of mine, came to see me.

We were spending the summer there in a large, old house with no servants.

He came in his yacht with his wife, and we put him up overnight. When he went to bed, he put his suit and shoes outside his door. When I saw them, this amused me. I took the shoes and suit down to the kitchen, dusted off the shoes and brushed his suit and put them back. When he was leaving Sunday afternoon, he handed me \$10 and said, "Will you give this to your butler?"

I said, "I will be delighted to do it."

Later, when I told him that I was the butler we all had a good laugh.

I feel strongly that the highest form of citizenship is public service.

And you had a hand in helping to find businessmen for Cabinet and subcabinet jobs, didn't you?

Yes. But I don't want to discuss names.

Do you urge businessmen to take jobs in government?

I am a great believer that every man ought to spend some time, a year or two, in government. He will be a better citizen for doing so. He will understand how the government works. It's a great benefit for a man who is ultimately going to head a business to have had some time in government service. The same applies to a man's doing his civic duty in a community where he lives. Men are better citizens for having served their country and community. **END**

REPRINTS of "Lessons of Leadership, Part VII: Balancing Ability With Humility" may be obtained for 30 cents a copy, \$14 per 100, or \$120 per 1,000 postpaid from Nation's Business, 1615 H St., N.W., Washington, D. C. 20006. Please enclose remittance with order.



when you consider leasing, don't fraction/lease

GET THE FULL VALUE OF FULL SERVICE TRUCKLEASING

NATIONAL TRUCK LEASING SYSTEM

Lease a new CHEVROLET or other fine truck

- The purchase price of a truck is only 20% of its lifetime cost...
- Garaging, upkeep, licensing, running mileage is 80% of the expense.
- **NATIONALEASE FULL-SERVICE** pays 100% (AND eliminates costly executive time taken from the profit-making part of your business).
- **EVERYTHING** furnished but the driver.
- **NO "UPKEEP" or "SURPRISE"** invoices with 100% **NATIONALEASE, FULL-SERVICE** truckleasing.
- Write for explanatory folder No. 65.

RENT, TOO! At any Nationalease location. Clean, late-model, ready-to-go "stand-bys" for emergencies or peak load periods, daily rental, by the week or month.

See Yellow Pages
A nationwide network of locally owned, nationally experienced affiliates.

NATIONAL TRUCK LEASING SYSTEM
Serving principal cities of the United States and Canada
23 E. Jackson Blvd., Suite E-12, Chicago 4

SEND US YOUR LABEL

...if writing about your subscription. Just clip it off the front cover of your copy of Nation's Business and attach it. Then cut out this form and send it with your correspondence. If changing your address, include new address below:

Attach Nation's Business address label here so your present subscription record can be quickly and accurately identified.

Name

Co. Name

Address

City State ZIP Code

Mail to: **Nation's Business**
1615 H Street, N.W.
Washington, D. C. 20006

**Resolve to stay out of the red in '66:
cut this out and post it in
your shipping room.**

Always call Air Express:

1. When you ship 5 to 50 pounds. (Air Express often costs less than even surface carrier.)
2. When you ship to any one of 21,000 communities in all 50 states, Canada or Puerto Rico.
3. When you must have delivery no later than sundown tomorrow.
4. When security is vital. (Armed guards are available.)
5. When there's no airport in the pickup or delivery city. (REA truck and rail facilities speed shipments to and from off-airline points.)
6. When it's foggy, snowing or sleeting. (Air Express will get through by air or by surface.)
7. For priority during peak night rush hours or peak seasons (on all 39 scheduled airlines).
8. The telephone number is (It's in the Yellow Pages. Look it up now. Write it in.) And for the answer to any shipping question, call Air Express.

Air Express
Division of REA Express



FOR TAXPAYERS

continued from page 56

make it possible to process the returns more quickly and expeditiously.

The taxpayer's rights under a bill to accomplish this are carefully protected, however, to enable him to continue to make his contacts with the Internal Revenue Service at the district level rather than at the regional level. We have asked for comments of interested parties on this bill.

Higher deduction or lower rate?

Simplification for taxpayers can also be achieved by extending the area where the standard deduction is available. One way to do this is to raise the ceiling on the standard deduction to some higher figure.

At the present time the maximum standard deduction is \$1,000. Raising this ceiling to something like \$2,000, for example, would mean that the 10 per cent standard deduction would be available for income levels up to \$20,000. For many in the middle income groups, an opportunity to claim a 10 per cent standard deduction of more than \$1,000 would, in my opinion,

greatly ease the burdens and irritations of compliance.

Estimates are that such a change would result in something like one million taxpayers shifting from itemized deductions to the standard deduction and another two million receiving larger standard deductions.

The revenue cost of such a measure, which we would have to weigh in considering a proposal of this type, would be about \$250 million.

Another interesting suggestion which should also be studied in this connection is the possibility of eliminating the standard deduction altogether and lowering rates by 10 per cent or more for those who are willing to forego itemizing their deductions.

Still another alternate which may be simpler is to reduce rates by about 10 per cent or more and then allow no standard deduction and allow itemized deductions only above a 10 per cent level.

In my estimation, the committee should fully explore proposals of this type because I believe that they would make the April 15 period a much less harrowing time for taxpayers generally.

For the most part, up to this point I have not tried to suggest simplification measures that I

thought represented substantial policy changes.

One proposal for simplification which does involve important policy changes is that of Sen. Russell B. Long. This proposal would provide substantially lower tax rates for those who would, for a period of time, agree to forego practically all tax preferences. For those who elect such an alternative, this could well represent a substantial simplification, and I believe that this and other proposals involving significant policy changes in our tax laws deserve to be carefully explored.

What I have tried to do in this article, however, is point out that even short of the level of major substantive modification of the tax laws, it is possible to achieve a substantial measure of simplification.

How and when can all this be accomplished?

Because the session of Congress next year may well be a relatively short one, I cannot give any assurances that the type of tax simplification I have outlined in this article can be fully considered by Congress next year. It may be that because of other measures requiring study and action we will be able to devote only a small proportion of our time to this topic.

Reform should start now

My inclination in this respect is to have congressional and Treasury staff people report to us from time to time when they have a group of simplification measures ready for us to consider. Then, after hearings in appropriate circumstances, I see no reason why we cannot consider these measures as a group of them are developed rather than attempt to store them up and pass a single, big tax simplification act.

I think consideration by the committee of proposals of this type in the form of a series of measures will relieve the pressure of this work, both from the standpoint of the committee and the staffs, and also will give the interested public a greater opportunity for an expression of its views on these measures.

Work of this type could well develop into a more or less continuing project, because I suspect that we will always have plenty of room for further simplification.

We will also, of course, continue to examine our tax law for major reform possibilities which are related to simplification. But these should not cause us to lose sight of the major improvements that can be obtained in the ways I have discussed in this article. **END**

Chairman Mills of House tax-writing Committee.

PHOTO: LARRY OBSITNIK



Your clients have no business advertising in the Yellow Pages.

(Unless they want more business.)

If they don't, better look out! If they do, tell them that nine out of ten times people use the Yellow Pages, they take action — call, visit, or write. That kind of action pays off. To give your clients' local outlets a piece of that action, call your Yellow Pages representative. He's listed in the Yellow Pages under Advertising-Directory & Guide.

BAD NEWS

continued from page 37

share his opinion on the right-to-work issue but simply have not gone to the trouble of letting their elected representatives in Congress know where they stand.

"Being a member of a union that you had to join could be more difficult than working for a difficult boss," comments Juel H. Barker of Mount Vernon, Ill., a 60-year-old guard at Wagner Electric Co.'s Wellston plant in St. Louis County, Mo. Mr. Barker, who has been a Wagner employee for 14 years, emphasizes that he does not oppose unions, but does oppose forced membership. He is a member of Local 1104 of the IUE AFL-CIO.

Mr. Barker likens the reluctance of some unionized workers to speak out on right to work to the tight-lipped attitude of some West St. Louis small store owners who recently refused to give police details of burglaries, stick-ups and other crimes for fear of criminal retribution.

A Covina, Calif., union member—Wilbur E. Evans—writes Senator Dirksen and urges him to fight for retention of 14 (b) to head off the drift toward "labor dictatorship" in America. Mr. Evans, 42, designs displays for a Los Angeles store. He says he was prompted to write the Illinois senator because he recognized Mr. Dirksen's leadership position in the right-to-work showdown.

Running through the voluminous correspondence on right to work are several common threads of reasoning:

Repeal of 14 (b) would abrogate Americans' traditional freedom to decide which organizations they will or will not join.

Repeal, and the increased compulsory unionism that would follow, would give union leaders inordinate power over their members and promote abuses that are less likely to develop when a union must "compete" for membership.

Repeal would undermine the efforts of rank-and-file union people to secure more equitable and efficient management of the unions to which they belong.

"Assured of their dues," one worker lamented, "the union bosses would have no incentive to run a good union."

A Yonkers, N.Y., resident, Rose Marie Maher, outspokenly argues that "no man or woman should have to join a union in order to hold a

job; compulsory membership as a condition of employment seems no different to me than the situation in Russia, where you have to be a member of the Communist Party to get ahead." She belongs to a telephone workers' local in her area.

Union power too great?

In the eyes of many, the unions of the country already wield excessive power. Some letter-writers implore Senator Dirksen to launch a fight for a national right-to-work law, others express the opinion that instead of debating repeal of 14 (b) the lawmakers should be moving to place unions under antitrust regulation.

In letter after letter, writers ask how the United States could be so caught up in the fervor of promoting civil rights for Negroes while, at the same time, Congress flirts with a decision that would breach a person's "civil right to work" without joining or financially supporting a union organization with whose aims he might not agree.

Some union members complain that funds of their locals are often used to aid the candidacies of office-seekers they do not personally support. Others accuse their leaders of misusing union funds, suppressing free discussion and threatening bodily harm to dissenting members.

Former unionist Charles Batutis, 49, of Winnebago County, Ill., says the large plant where he works as a castings inspector is in the process of being organized now, after a "close vote" by the workers. While he is not opposing this effort, he is not actively supporting it either. He feels that "If I can't work out problems myself I don't belong in my job."

Mr. Batutis believes some workers join unions "just to keep from being hounded" by organizers. He says he has some bitter memories, dating far back in his career, of "foolish walkout strikes" and of bomb-tossing, paint-throwing, picket line harassment and other ugly incidents stemming from union tactics.

"It doesn't seem possible that men and women should be denied the right to work on account of membership or nonmembership in any labor union," write Mr. and Mrs. George W. Clinger of Sarasota, Fla., in a joint letter to Sen. George Smathers of that state. Florida has had a right-to-work law longer than any other state.

"What is happening to our freedom?" the Clingers ask. "Our son is in the Air Force in Viet Nam,

and it is difficult to think of the sacrifices these men and their families are making in order to preserve freedom and dignity for other countries as well as our own in view of this sort of development."

Another of the writers to Senator Smathers is Alvin F. Schmidt, 57, of North Miami, Fla. A lineman for the Florida Power and Light Co., Mr. Schmidt had been a member of the International Brotherhood of Electrical Workers for 26 years until June, 1963, when he quit after the union gave him what he describes as a "raw deal."

"I'm convinced that most of the people want to keep right-to-work laws on the books and I can't for the life of me see where Congress has any business trying to change or eliminate state laws," Mr. Schmidt notes.

From young and old come protests against right-to-work repeal reflecting the economic conditions of people in those two categories. Pensioners complain that 14 (b) repeal could lead to increased unionization that would drive up wage rates and living costs and make it even more difficult to live on a fixed income. Young people frequently contend that the necessity of paying dues to a union would prevent them from accumulating money needed for further schooling.

Some older persons, and small employers, point out in their letters that killing the right-to-work provision of Taft-Hartley would inevitably mean increased wage pressure. Higher wage costs would lead to layoffs of older, less skilled employees, and, in some instances, to the closing of businesses already operating near the break-even point.

William I. Levis, president of Contek, Inc., a Streamwood, Ill., firm which manufactures printed plastics, signs and metal products, says he doesn't object to unionism—if his employees want it—but points out that his nonorganized workers have been able to attain wage levels competitive with, if not higher than, those they would get in a unionized shop.

In a letter to Senator Dirksen voluntarily co-signed by many of his 30 employees, Mr. Levis wrote: "Even though Illinois is not a right-to-work state we in our company have applied the principles of the right-to-work law and they have been greatly enhanced by the lack of coercion and stringency that exist in a controlled atmosphere of management labor negotiations." Mr. Levis feels that a closed shop would have made it extremely dif-

ficult for him and his associates to get their now prospering business off the ground when they first began operations three years ago.

Former Teamster Harry S. Scheidt of Evanston, Ill., writes to Senator Dirksen to say, "I firmly believe that with only 22 per cent of the labor force in the country organized that the other 78 per cent should be entitled to some consideration, too. . . . Let us grant a workingman his civil right to work and not be forced to pay union dues so they can be used for political reasons as well as other purposes not 100 per cent for the good of the man paying them."

Others commented that the frenzied drive by labor lobbyists to knock 14 (b) out of the law seems curiously out of date at a time when so many companies—some of them admittedly correcting management inequities of an earlier time—are going out of their way to improve working conditions, wages and worker benefits.

"There is no end to the demands of the union leaders," comments a worker in Illinois. "I am an ordinary laborer in a nonunion factory. I do not make as much money as some union men, but I am content." He goes on to report that current efforts to organize the workers in his shop are leading to "insults, threats and abuse" of non-union people. "Most of the organizers are a vulgar, rough lot," he declares.

President Johnson himself has been the target of fierce criticism by some letter-writers. Many accuse him not only of seeking 14 (b) repeal as a "payoff" for labor's political support, but of breaking faith with his own past record of defending the right-to-work provision of Taft-Hartley and of pressing his personal will on Congress with "dictatorial" fury.

"Why doesn't Johnson sponsor a law that would make it compulsory for all colored people to join the NAACP?" fumes a Chicagoan. "He could employ the same sophistry, the same rationalizations."

"I am an ex-union official and I feel that I fully understand the unions' complaints concerning 'free riders,'" says another constituent of Senator Dirksen. "But we must not forget that back in 1935 the unions wanted to represent all the employees in a unit regardless of their membership or nonmembership in a labor organization. Now that the unions have changed their position I do not feel that we should disregard the rights of the minority

**Can something
that the employees
prefer actually save
management money?**

**"Yes," crows the
Holly Farms Poultry
Industries of Wilkesboro,
North Carolina.**

"Fairfax toweling does just that."

Holly Farms says their Fairfax toweling not only reduces fire hazards, creates less plumbing problems, establishes lower maintenance (i.e., janitors, attendants, etc.) encourages better housekeeping, but caters to employee preference as well. Cotton toweling also saves them money since they switched from paper. Fairfax toweling is supplied to Holly Farms by Piedmont Linen Service, division of National Linen Service. Whether you're in the chick biz, big biz or small biz, here's how linen supply works for you.



You buy nothing! Your linen supply dealer furnishes everything at low service cost—cabinets, pickup and delivery, automatic supply of freshly laundered towels and uniforms. Just look up LINEN SUPPLY or TOWEL SUPPLY in your classified telephone book. Always specify...

MARTEX® and FAIRFAX®
twin names in quality towels.

Wellington Sears Company, 111 West 40th Street, New York, N. Y. 10018
A marketing subsidiary of West Point-Pepperell, Inc.

BAD NEWS

continued

and force them to join a union simply because their rights have been collectively bargained away by a union they do not wish to join."

Other writers point out that union membership in many areas is on the rise, and that unions don't need the advantages of legalized compulsion to help them build their strength.

Paul F. Grove of Wheaton, Ill., is in a union-expected job as a tax accountant for The Milwaukee Railroad, but he was once a member of the Brotherhood of Railway Clerks. "I am not antiunion," he says. "However, I feel that compulsory membership in a labor organization is wrong and should be strongly opposed by workers and certainly by all thoughtful legislators. One of the sacred traditions of our American society is the right of dissent. A democratic society without this right is not a wholesome society, since there can be no effective resistance to any development, however wrong, so long as such development has strong popular support. A good society requires that dissent be recognized."

In a conversation with a NATION'S BUSINESS editor Mr. Grove elaborated on his written views. He argues that voluntary unionism would be better for workers, in the long run, because it would insure that the "financial handle" of membership—union dues—would remain in the hands of members, not the union leaders. Holding this leverage to join or not to join, to support the union financially or not to support it, members could keep the pressure on their leaders for honest and efficient union management, he asserted. His theme is echoed by other writers, some less eloquent, but nonetheless firm in their conviction.

A Miami resident complains that when he protested against the misuse of his union's funds ("the dues increase was being used for beer parties"), he got no satisfaction and had no recourse but to leave the union. Even this recourse, he opines in a letter to Sen. Smathers, would be lost if membership in a union were made compulsory by federal law.

"This is wrong morally, wrong legally and is absolutely revolting to me," he concludes.

Another Floridian argues that repeal of 14 (b) would overturn a right-to-work law that Florida vot-

ers had voted into force and that loss of the state's right-to-work law would undermine representative government.

Repeatedly, in reading the letters addressed to Washington, one senses a deep and haunting uneasiness in the American public, a fear that traditional American freedoms are relentlessly being washed away by governmental action. The right

to work is seen by many as just the latest freedom so endangered. **END**

REPRINTS of "Bad News for Union Bosses" may be obtained for 30 cents a copy, \$14 per 100, or \$120 per 1,000 postpaid from *Nation's Business*, 1615 H St., N.W., Washington, D.C. 20006. Please enclose remittance with order.

POLITICAL ISSUES continued from page 35

now expect the pressures of numbers on the schools may let up. The U. S. birthrate has been falling for the past five years. Births of about 3.9 million this year are way under the 4.3 million of 1960. This means there are no more children under five now than there were five years ago despite a generally rising population and more marriages. "Birth-rates are tricky things to predict," cautions Leo Cherne, executive director of the Research Institute of America, "but we think this drop is in response to birth control measures, so it may be more or less permanent. If so, it means the problems of numbers for the schools—as well as the impact on storekeepers, businessmen and others—may be less than everybody thought five years ago."

Figures such as these mean advocates of greater and greater federal intervention in education will have to change their pitch. They have argued, of course, that the country needs better schools and that because of the growth of the number of children in schools, local communities and states can't afford to pay the bills without U. S. help. This year's federal education aid bill is already producing screams from educators, political officeholders and citizens in cities across the country who find Uncle Sam's agents want more say-so over school operations in return for the federal outlays.

Government attempts to take over local school systems will clearly be one of the major issues of the coming decade.

To a certain extent, the education fight is part of the widespread issue of the vitality and effectiveness of cities, counties, states and other political subdivisions.

As Mr. Cherne emphasizes, mounting urban problems often stretch beyond city limits leaving city administrators unable to cope with the troubles effectively, if at

all. Air and water pollution (see article on page 74) are two examples. The result is that instead of trying to work out regional solutions to problems, local politicians increasingly run to Washington with their troubles. This, of course, brings greater federal domination of local affairs and, as in the case of federal urban renewal efforts, ineffective and costly projects.

This important issue will probably surface in full force if and when Congress debates a proposal for large federal block grants to states, as proposed by Walter Heller, former Chairman of the President's Council of Economic Advisers. Mr. Johnson came near formally proposing it this past year but backed off as questions began to mount.

Men not money

But more money alone—even if all federal strings could be untied—isn't likely to solve the problems of governmental units. As in business, much of the success of local administrations will depend more on men in the future, says Mr. Cherne.

"Governments have tended to think in terms of more money solving everything," Mr. Cherne told NATION'S BUSINESS. "But what they will have to do is to find better people—specialists rather than ward hacks—and equip them better in terms of training."

Some groups are already hard at work on this dilemma. An important effort centers around Terry Sanford, former governor of North Carolina, who wants to revitalize the methods of state administrations. He and a number of governors are also working on an interstate educational compact which aims at improving local education facilities without turning to the federal government.

"The problems of local governments—I don't care if they are urban or rural—are much greater than can be cured by handouts from

state or federal governments," declares Mr. Shuman of the Farm Bureau.

Hand in hand with the problems of the community in flux is the worrisome loss of respect for the law. Officialdom, social philosophers and ordinary citizens are showing increasing concern over the lack of regard for law and authority which goes much beyond the right of protest. Its most dramatic outcroppings include burning of draft cards, shootings of civil rights workers and flouting of valid local laws by pro-civil rights demonstrators.

"How do you get poorly educated people to respect the law when prominent churchmen openly declare one must follow his conscience when deciding what laws to obey?" asks one legal authority in Washington. "What the churchman does as a result might be all well and good, but how will a less thoughtful or less moral person act? Where do you draw the line?"

What to do about this problem is likely to become a major issue the next time riots break out for whatever cause. It's likely to take, among other shapes, the form of proposals which would give greater protection to the victims of rioters and criminals and possibly fewer restraints on police activities in the pursuit of law and order. Federal and state legislatures will almost certainly face demands that they "do something about the nuts," as one forecaster puts it, and perhaps compensate victims.

Many men believe the lack of respect for the law stems from what Mr. Cherne calls "alienation." He describes this as the inability of some people to feel as though they are a part of big institutions, whether college campuses, cities, companies, unions or governments. Others call this an inability to adjust to society.

One big institution facing a crisis of adjustment itself is the transportation industry. This is sure to bring important issues before the nation, forecasts Malcolm Moos, the lanky ex-professor and speech-writer for President Eisenhower who now looks ahead at future projects for the Ford Foundation.

Efficient and economical transportation for commuters and regional travelers in the Northeast and in the major cities is only part of the issue. A major issue now before the government is public policy toward railroad mergers.

All of which mirrors the growing issue of understanding between business and government.

Federal laws and official policies have long been dominated, thoughtful analysts point out, by the belief that business and businessmen are shifty characters and in need of close regulation. Laws and policies have been weighted toward unions and often against reasonable, non-monopolistic growth of business.

Now, businessmen are seeing some evidence that President Johnson and other elements of the U. S. government may be growing more aware of the needs of firms for freedom to operate without artificial restraints. In response, many businessmen are becoming more co-operative with government.

Not all businessmen, to be sure, are convinced of government's complete sincerity. They point to the bitter aluminum price fight and the Federal Communications Commission's investigation of American Telephone & Telegraph Co. as evidence of this. Others feel the truce still exists.

This spindly era of good feeling faces a test as an issue in future months, however. If the government fails to move against the currently rising threat of inflation other than by demanding business hold down prices, there is likely to be a new outbreak of worry in the business community.

NEW PRODUCTS *continued from page 43*

not only in the idea-producing sense, where it does have a stimulus towards invention, but also in the idea adoption sense—to bring the invention to the market place and make it of benefit to the public.

The idea in and of itself serves no economic benefit. It is the idea in action. I think that is the real importance of the patent system.

MR. GRAY: The patent system aids the entrepreneur who has to invest risk capital and protects him during this period.

The Battelle Development Corp. invests high-risk dollars in new ideas which come to it from its staff, from about 25 universities with whom we have agreements, from free-lance inventors and from industry. We try to demonstrate technical feasibility. We will spend our own money to bring a feasible idea to a point where we can interest G. E. or Reynolds or some other industrial organization to take this idea forward.

Now, we can't interest the General Electric Co. or Reynolds in

As an issue, inflation ranges far beyond the American business community, of course. It's receiving especially close watch these days in such spots as the Federal Reserve system, which attempts to maintain stability in the economy as well as the banking system, and in board rooms of central banks around the world.

European bankers remain hopeful, but largely unconvinced, that the U. S. has finally licked the problem of its continued outflow of gold. A new round of inflation, which makes it more difficult for American exporters to sell their products abroad, is thereby likely to touch off a new balance of payments crisis.

All of these issues, of course, will magnify in seriousness if the economy falters. That event, which few foresee at the moment, would bring major repressions.

Have we, then, run out of issues? It's hardly likely. What does seem clear is this:

If the country does indeed see a pause in activity in Washington next year, watch out. It may mean plenty of important problems are being overlooked, hidden or being handled ineptly. It can't afford to leave all the little things to the little woman. **END**

making a multimillion-dollar investment, even though we have demonstrated technical feasibility, unless we have some decent patent structure to protect the new development.

MR. HOLST: Would you explain why?

MR. GRAY: Because they are not about to make this type of investment, which still has a certain degree of risk associated with it even though it's known to be technically feasible, unless they can have some sort of a limited monopoly for some limited period of time.

MR. HOLST: Are you saying that if a competitor who does not incur development costs can copy an invention, free of development costs, this takes away any incentive to anyone to spend the very substantial sums necessary to complete the development and to bring it onto the market?

MR. GRAY: Exactly. This has been our experience. It's this particular place in the whole develop-

NEW PRODUCTS

continued

ment picture that is very, very important.

MR. HOLST: Mr. Perry, in a sense you represent smaller businesses. Aren't the problems of risking limited resources particularly significant to smaller businesses?

MR. PERRY: Yes. I think that most creative businesses find that strong patents are very essential to their whole operation.

MR. HOLST: But I would judge that for the General Electrics and for the Reynolds this is equally so. You are more willing to spend the necessarily large sums in development and commercialization if you have patent protection than if you do not.

MR. SHOCKLEY: We have patents in different areas for different reasons. When we develop new processes we particularly need to have protection.

MR. HOLST: Gerry, I think your earlier point was well made. It is not a theoretical technical miracle, but a tangible good or service which does the economy any good. The patent system will be effective only if it stimulates investors as well as inventors. It must protect those whose investments are required to put things on the market.

MR. O'BRIEN: Yes.

MR. HOLST: I believe that members of the federal government who advocate taking by the government of all inventions flowing from government-sponsored work do not ap-

preciate the magnitude of further investment required to bring things to the market. Therefore they perhaps fail to recognize the need for incentive to market things, not merely to invent them.

Turning to another point, what part do patents play in increasing the likelihood of jobs being created, producing income for the jobholders and tax revenue for the government?

MR. MAYERS: I think to the extent that patents are one of the basic justifications for the investment of capital in new manufacture, they clearly are a basis for the creation of jobs. This is their proper function in an innovating company.

MR. HOLST: Isn't it a fact that even where improved processes tend to obsolete other processes, they do this generally because they are superior in performance or lower in cost? And doesn't this tend to create a greater demand for the new goods and thus increase job opportunities rather than destroying them?

MR. MAYERS: This is the way the system may be expected to work and does work.

MR. HOLST: I think it is significant that if patents in fact stimulate the commercialization of new goods and services, this requires employees for production, and therefore patents help to create jobs which in turn produce income and tax revenues.

MR. GRAY: All we have to do is look at the last 25 years of history. It's clear-cut.

MR. HOLST: Is it clear that many of the major innovations in the country have been covered by patents?

MR. GRAY: I don't have any statistical study, but I can think of many examples.

MR. HOLST: Television, radar, certainly synthetic fibers were covered by patents.

MR. SHOCKLEY: It might be easier to single out an industry that wasn't based on patents than to try to list all those that are.

MR. HOLST: How does our rapid technological growth affect the patent system?

MR. GRAY: As a matter of fact, technology is moving ahead so fast that the things we license usually haven't been issued patents yet because the developments would be

too old by the time patents could be gotten. If we waited the four years until the patent is issued, it would be too late.

MR. O'BRIEN: Do the delays in the issuance of the patents by the Patent Office have an adverse effect upon the exploitation of the invention?

MR. GRAY: In our experience, if anything, it is a help rather than a hindrance because it is very difficult to time the useful life of a patent.

If you take a new invention and, let's say it takes 10 years before it is producing significant income, if it takes four years for the patent to issue this is not a hindrance. This can be a help because at the tail end of the 17-year life of the patent you are more likely to be in an income-producing period and not have an expired patent.

MR. SHOCKLEY: I would like to take exception to that to a degree, or at least qualify the answer.

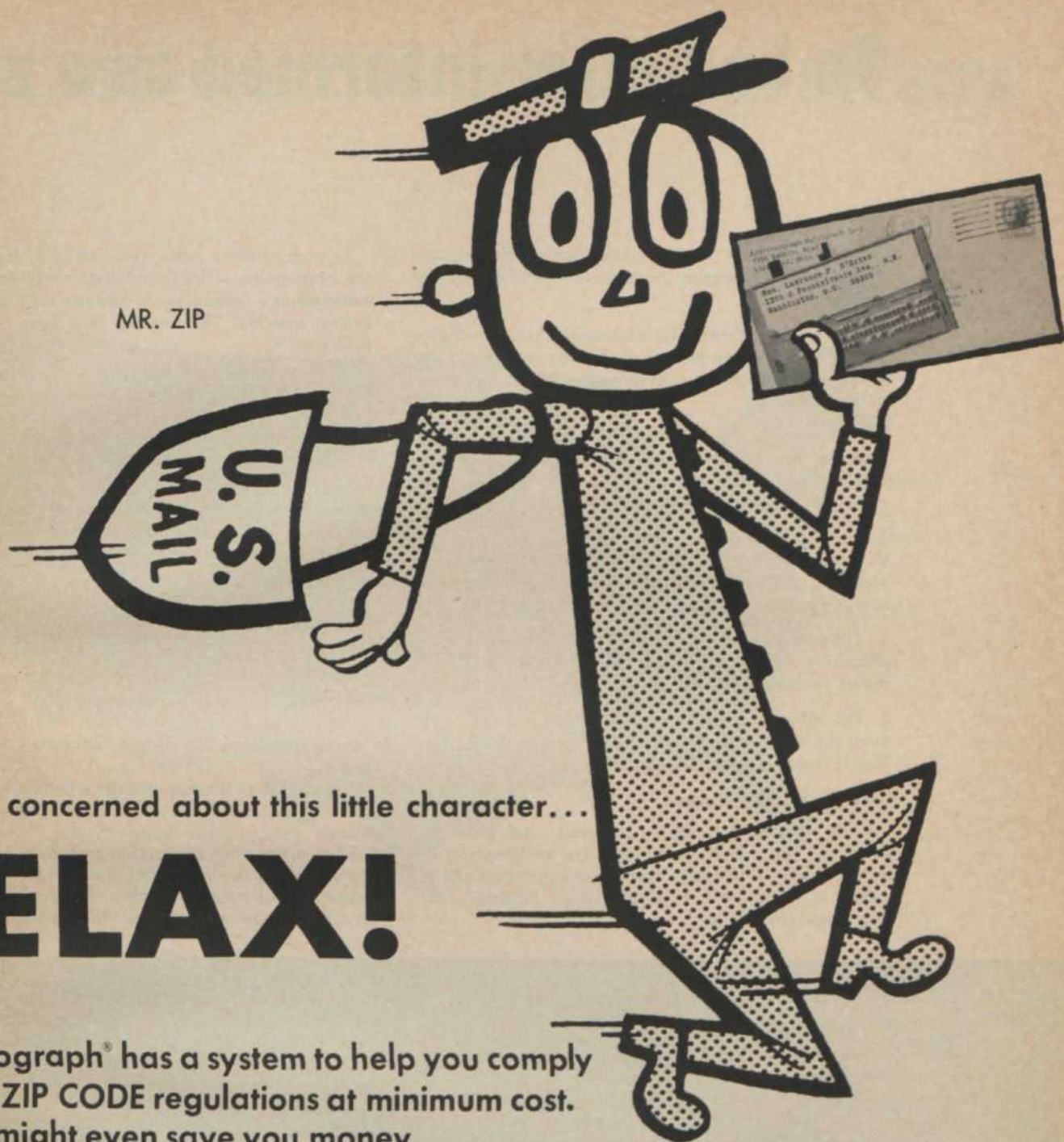
We at Reynolds think that the slowness in issuing patents is definitely very detrimental when it comes to products, though maybe not on processes that require great periods of time to develop and



commercialize. For example, in the development of new alloys the minute you put one on the market someone can analyze it, copy it immediately and use it. If it takes four years to get a patent, they have used it four years.

MR. O'BRIEN: It is the objective of the Patent Office to shorten the period to about a year and a half. We hope to achieve this goal prior to 1970. The rate has been increased by approximately 35 per

MR. ZIP



If you're concerned about this little character...

RELAX!

Addressograph® has a system to help you comply with the ZIP CODE regulations at minimum cost. In fact it might even save you money.

The ZIP Code Program is designed to reduce the total cost of mailing and to improve service. To take full advantage of the program you should get the complete story and knowledgeable assistance. No matter what mailing method you are now using and regardless of the size of your list, it is very possible that instead of costing you money the ZIP Code Program may actually save you money. For small businesses or large, it is another example of problem-solving with mechanization. Your Addressograph man is ready to tell you all about it. Call or write Addressograph Multigraph Corporation, 1200 Babbitt Road, Cleveland, Ohio 44117.

 **Addressograph**
DIVISION OF
ADDRESSOGRAPH MULTIGRAPH CORPORATION



FREE EXCLUSIVE 24 PAGE BOOKLET

Approved by U. S. Post Office

Addressograph offers this complete booklet on the Zip Code regulations and how Addressograph systems can help you comply faster, easier and cut your overall mailing costs.

ADDRESSOGRAPH MULTIGRAPH CORPORATION

1200 Babbitt Road

Cleveland, Ohio 44117

Please send me _____ copies of this booklet.

NAME _____

TITLE _____

ADDRESS _____

CITY _____ STATE _____

ZIP CODE _____

To be better informed as a citizen

Attend one of the National Chamber's 1966 Aircade Meetings for Citizenship Action. Here is what you will get out of it:

1. The Aircade Meeting for Citizenship Action will give you a clear, close-up picture of the new session of Congress, and will answer your questions about important national issues.
2. The Aircade meeting will give you a better understanding of today's big economic and social problems and the proposed solutions—and will show you the principles involved.
3. The Aircade meeting will show you how to work through the political party of your choice to select and nominate qualified candidates to public office—and how to win elections.
4. The Aircade meeting will show you how to work more effectively with your elected representatives in Washington on legislative decision-making.
5. The Aircade Meeting for Citizenship Action will point the way for you to keep on growing in leadership. This is reason enough for you to be among those present.

How the Aircade Works

Each year, after Congress convenes—and after the President has delivered his messages to Congress—a team of National Chamber specialists in national affairs makes a flying visit to strategically located cities throughout the country.

In each of these cities, the National Chamber—with the cooperation of local and state chambers and trade associations—conducts a fast-moving question-and-answer meeting. The meeting lasts from 9:25 a.m. to 3:15 p.m.

At the meeting, you ask whatever it is you want to know about politics, business and government, national problems, issues, trends, legislative proposals—and men who speak with authority on the subject will give you the answers accurately, fully and quickly.

The Aircade meeting minimizes speech-making. It emphasizes panel discussions and exchange of ideas. It employs the latest techniques for communicating information, and for making the facts easy to grasp and easy to remember.

Plan Now to Attend

In the past nine years, more than 115,000 men and women from all 50 states have participated in Aircade meetings.

Because of the usefulness, value and interest of the Aircade meetings, they seem to attract a capacity audience.

Take a look at the map and the schedule of dates, and pick out the Aircade meeting most convenient for you to attend.

Then make your reservation now by filling out the registration form and sending it to the host chamber of commerce in the city you select. The registration fee is \$8, which includes the cost of the luncheon.

WHEN AND WHERE THE 1966 AIRCADE MEETINGS WILL BE HELD

Feb. 14—Lawrence, Kansas
Chamber of Commerce of
Lawrence, Kansas
Wren Building
Lawrence, Kansas 66044

Feb. 15—Dubuque, Iowa
Dubuque Chamber of
Commerce
9th & Locust Streets
Dubuque, Iowa 52001

Feb. 16—Lafayette, Indiana
Greater Lafayette Chamber
of Commerce
P.O. Box 348
Lafayette, Indiana 47901

Feb. 17—Toledo, Ohio
Toledo Area Chamber of
Commerce
218 Huron Street
Toledo, Ohio 43604

Feb. 18—Rochester,
New York
Rochester Chamber of
Commerce
55 St. Paul Street
Rochester, New York 14604

Feb. 28—Minneapolis,
Minnesota
Minneapolis Chamber of
Commerce
701 Second Avenue, South
Minneapolis, Minnesota 55402

Mar. 1—Billings, Montana
Billings Chamber of
Commerce
P.O. Box 2519
Billings, Montana 59101

Mar. 2—Salt Lake City, Utah
Salt Lake City Chamber of
Commerce
207 South Main
Salt Lake City, Utah 84111

Mar. 3—Portland, Oregon
Portland Chamber of
Commerce
824 S.W. Fifth Avenue
Portland, Oregon 97204

Mar. 4—Los Angeles,
California
California Association of
Chamber of Commerce
Executives
219 East Commonwealth
Avenue
Fullerton, California 92632

Mar. 7—Shreveport,
Louisiana
Shreveport Chamber of
Commerce
529 Crockett Street
Shreveport, Louisiana 71101

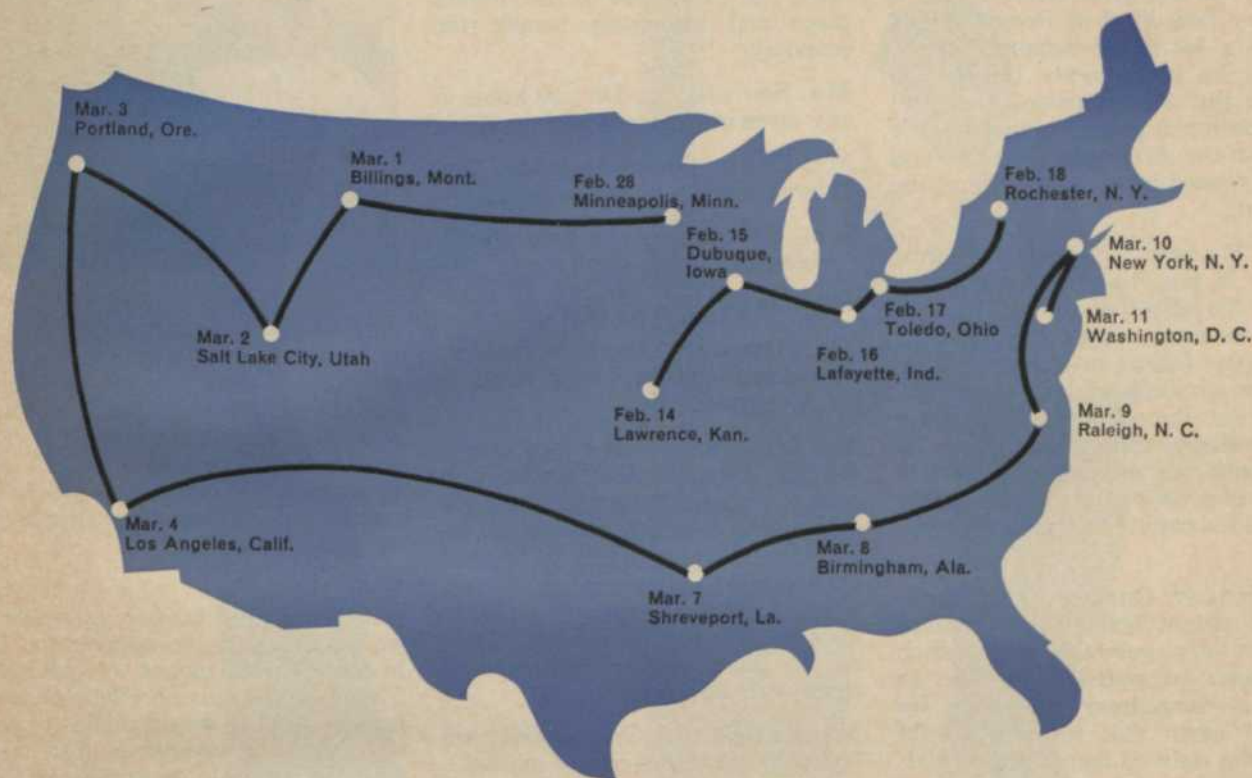
Mar. 8—Birmingham,
Alabama
Birmingham Area Chamber
of Commerce
1914 Sixth Avenue, North
Birmingham, Alabama 35203

Mar. 9—Raleigh,
North Carolina
Raleigh Chamber
of Commerce
P.O. Box 2978
Raleigh, North Carolina 27602

Mar. 10—New York, New York
New York Chamber of
Commerce
65 Liberty Street
New York, New York 10005

Mar. 11—Washington, D.C.
Metropolitan Washington
Board of Trade
1616 K Street, N.W.
Washington, D.C. 20006

and more active in national affairs



REGISTER NOW

1. Fill in this registration form and send it to the host chamber of commerce in the Aircade city you select. (See list of cities and dates.)

2. Make your check for your registration fee payable to Chamber of Commerce of the United States.

TO THE CHAMBER OF COMMERCE IN _____

(Name of city in which you will attend the Aircade Meeting for Citizenship Action)

- ☐ I plan to attend the AIRCADE MEETING FOR CITIZENSHIP ACTION in your city on _____
- ☐ Enclosed is my check for \$8—made payable to the Chamber of Commerce of the United States—to cover the cost of registration fee and the cost of the luncheon.
- ☐ Please mail my luncheon ticket to me.

NAME _____

TITLE _____

FIRM OR ORGANIZATION _____

STREET ADDRESS _____

CITY, STATE & ZIP CODE _____



NEW PRODUCTS

continued

cent this year, which is a substantial reduction in backlog.

MR. GRAY: I think the key is the developmental period. If you can have the item in the market place you want patent protection at that time. On the other hand, if this is a very new kind of invention and takes a lot of development time—seven or eight years before you reach the market place—it doesn't do you much good if your patent is issued the first year because you have wasted much of the life of the patent.

MR. MAYERS: On balance, while delay in the Patent Office does extend the effective life of patents, most manufacturing concerns would willingly forego any such advantage to obtain a system where patents are issued promptly and a businessman contemplating an investment can reasonably expect to know of prior patents before he has risked his capital, rather than afterward.

MR. HOLST: One important change in the patent system—and perhaps not a very palatable one—which has been suggested from time to time is compulsory licensing. By this, I mean that someone would have the right to demand the privilege of using someone else's inventions. Compulsory licensing is possible in some foreign countries, particularly if an invention is not being used.

MR. MAYERS: I think the problems of the countries which have adopted this kind of law are specialized and quite different from any problems that exist in the United States.

MR. HOLST: It would seem to me that this whole concept of compulsory licensing is contrary to the idea of private property. Patents are property which is capable of being privately owned. A compulsory license means that the owner can be forced to do something that he apparently isn't particularly willing to do.

If he is going to be subjected to that type of pressure because he has a patent, this might well lead to not patenting inventions. Then we will have the whole sequence of nondisclosure, no information to competitors, less information about how things are coming forward. What is behind the feeling that the

United States should have compulsory licensing?

MR. GRAY: The thought is that large companies or others obtain patents and then do not bring these inventions to the market place—suppress them for economic reasons. Therefore, it's argued that they should be made to grant licenses to other people who will bring the inventions to the market place and ultimately benefit the economy.

MR. SHOCKLEY: Do you know of any cases of suppression?

MR. GRAY: I was going to say that I think this is hogwash, myself.

MR. SHOCKLEY: Why solve a problem that you don't have?

MR. GRAY: That's right.

MR. PERRY: This is a problem that exists in the minds of many in the Congress.

MR. HOLST: That is a good reason for our discussing it, because it is sometimes said by government officials, and perhaps by individual inventors, that patents are being used to suppress inventions, that companies buy up patents in order to keep things off the market. Does anyone know of any instances of this type? I do not.

MR. SHOCKLEY: We certainly are trying to get things on the market—not keep them off.

MR. GRAY: I think there is tremendous economic driving force in any U. S. company to achieve just the opposite result from suppression.

MR. HOLST: Many of us are aware of a company having developed more than one alternative to a product or service and then choosing one alternative and not utilizing the others. I don't call that suppressing inventions.

MR. MAYERS: Some companies, including General Electric, have adopted the fixed policy of making unused patents available for licensing through the register of the United States Patent Office, thus answering any possible contention that it is our intention to suppress such patents.

MR. PERRY: Don't we have, in effect, compulsory licensing insofar as the government is concerned in its own procurement activity?

MR. O'BRIEN: The provision dealing with the right of the govern-



ment to use patented inventions is regarded as an eminent domain provision, which means that the government is entitled to use privately patented inventions for government purposes subject to reasonable compensation, which in essence is a compulsory licensing to the government.

MR. HOLST: I judge it is the consensus that in our experience we haven't seen the suppression of inventions by means of patents. Therefore, we see no need for any legislation that would make it possible to force inventions into use, with the possible exception of the right of the government, for governmental purposes, to create second sources.

I realize that this is a subject which especially hurts small business.

MR. SHOCKLEY: I think that compulsory licensing would destroy the whole system.

MR. HOLST: One last subject. World trade is growing, and getting separate patents in each country is cumbersome and expensive.

Is there anything in the wind now that would lead in the near future to a patent which is worldwide?

MR. O'BRIEN: I don't think this is immediately foreseeable, but certainly the international patent must be an ultimate aim. I think that, hopefully, one should come to the time where there could be an acceptance in one country of examination results in another country.

This would seem more likely in the near future than an international patent. That is a pretty big step to take. I think it would be ap-

2-in-1 economy



plumb through the wall with OASIS



Refrigerated water comes plumb through the wall to this fountain, from the Oasis On-A-Wall in the other room! Two Oases; just *one* cooling system. Economical. And versatile. Place 'em wall-to-wall, side-by-side, around-the-corner, high-and-low.

Another innovation... the new On-A-Wall serves both hot and cold water. Enjoy piping hot coffee, tea, chocolate, soups, as well as a cool refreshing drink and flavored instant beverages.

Oasis covers the waterfront with coolers and Hot 'n Cold units for every capacity and need in offices, factories, stores, institutions. Pressure or bottle models. Free-standing or Against-A-Wall. On-A-

Wall or Semi-Recessed. Special units for industrial conditions. Want action? Check the Yellow Pages, water cooler section under Oasis, or write for free catalog No. 1596 with "Model Selector Guide."

*Left: DWF-B fountain.
Right: ODP7MH, new
Hot'n Cold On-A-Wall;
also furnished in two
sizes (7 and 13 gph)
as water cooler only.*

OASIS
WATER COOLERS

Sold or rented everywhere

EBCO MFG. CO., Dept.D-24
265 N. Hamilton Road • Columbus, Ohio 43213

	Page
Addressograph Multigraph Corp.	103
<i>The Griswold-Eshleman Company, Cleveland</i>	
Air Express	95
<i>Ketchum, MacLeod & Grove, Inc., New York</i>	
Allison Engine Division, GMC	47
<i>Tatham-Laird & Kudner, Inc., New York</i>	
American Motors Corporation	28
<i>Benton & Bowles, Inc., New York</i>	
American Telephone and Telegraph Company, Long Lines	109
<i>N. W. Ayer & Son, Inc., Philadelphia</i>	
American Telephone & Telegraph Company, Municipal	4, 5
<i>N. W. Ayer & Son, Inc., Philadelphia</i>	
American Telephone & Telegraph Company, Yellow Pages	97
<i>Cunningham & Walsh, Inc., New York</i>	
Anaconda Company, The	71
<i>Kenyon & Eckhardt, Inc., New York</i>	
Armstrong Cork Company, Building Products Division, Ceiling Systems Department ..	2nd Cover
<i>Batten, Barton, Durstine & Osborn, Inc., New York</i>	
Atlantic Steel Company	62
<i>Lowe & Stevens Advertising, Atlanta</i>	
Avis, Inc.	93
<i>Doyle Dane Bernbach, Inc., New York</i>	
Burroughs Corporation	77
<i>Campbell-Ewald Company, Detroit</i>	
Cadillac Motor Car Division, GMC	1
<i>MacManus, John & Adams, Inc., Bloomfield Hills, Michigan</i>	
Chamber of Commerce of the United States	104, 105
Chevrolet Motor Division, GMC, Auto Fleet	61
<i>Campbell-Ewald Company, Detroit</i>	
Chevrolet Motor Division of GMC, Trucks	90
<i>Campbell-Ewald Company, Detroit</i>	
C. I. T. Corporation	23
<i>O. S. Tyson & Company, Inc., New York</i>	
Continental Insurance Companies ..	18, 19
<i>Doyle Dane Bernbach, Inc., New York</i>	
Detroit Diesel Engine Div. of GMC	24
<i>Tatham-Laird & Kudner, Inc., New York</i>	
Dick, A. B., Company	68, 69
<i>Marsteller, Inc., Chicago</i>	
Dodge Division, Chrysler Corp., Car ...	65
<i>Batten, Barton, Durstine & Osborn, Inc., Detroit</i>	
Eastman Kodak Company, Kodak Copy Products	57
<i>J. Walter Thompson Company, New York</i>	
Ebeo Manufacturing Company, The ...	107
<i>Meldrum & Fewsmith, Inc., Cleveland</i>	
Executone, Inc.	12
<i>Basford Incorporated, New York</i>	
Ford Motor Company, Trucks	72
<i>J. Walter Thompson Company, Detroit</i>	
Friden, Inc.	16
<i>Richard N. Meltzer Advertising, Inc., San Francisco</i>	
General Electric Co., Large Lamp Dept.	63
<i>Batten, Barton, Durstine & Osborn, Inc., New York</i>	
General Telephone & Electronics Corp.	20
<i>Tatham-Laird & Kudner, Inc., New York</i>	
GMC Truck & Coach Div., GMC ...	86, 87
<i>McCann-Erickson, Inc., Detroit</i>	

	Page
Grabow, Dr., Pre-Smoked Pipes	70
<i>Kal, Ehrlich & Merrick, Inc., Washington, D.C.</i>	
Greyhound Corporation, The	27
<i>Grey Advertising, Inc., New York</i>	
Hammermill Paper Company	13
<i>Batten, Barton, Durstine & Osborn, Inc., Cleveland</i>	
Idaho State Department of Commerce & Development	94
<i>Givens-Davies Advertising Agency, Inc., Boise, Idaho</i>	
Insurance Company of North America ..	89
<i>N. W. Ayer & Son, Inc., Philadelphia</i>	
International Business Machines Corp., Office Products Div.	17
<i>Benton & Bowles, New York</i>	
Kaiser Jeep Corporation	3rd cover
<i>Compton Advertising, Inc., Toledo</i>	
Kenworth Motor Truck Company	56
<i>Kraft, Smith & Ehrig, Inc., Seattle</i>	
Latham Time Recorder Company	14
<i>Bearden-Thompson-Frankel, Inc. & Eastman, Scott, Atlanta</i>	
McBee Systems, Division of Litton Industries	64
<i>West, Weir & Bartel, Inc., New York</i>	
Minnesota Mining & Manufacturing Co., Duplicating Products Division	31
<i>MacManus, John & Adams, Inc., Minneapolis</i>	
Monroe/Sweda	54
<i>West, Weir & Bartel, Inc., New York</i>	
Mutual Benefit Life Insurance Co.	70
<i>West, Weir & Bartel, Inc., New York</i>	
National Cash Register Co.	85
<i>McCann-Erickson, Inc., New York</i>	
National Truck Leasing System	94
<i>Stevens-Kirkland-Stabelfeldt, Inc., Chicago</i>	
Pitney-Bowes, Inc.	53
<i>de Garmo, Inc., New York</i>	
Pontiac Motor Division, GMC	32
<i>MacManus, John & Adams, Inc., Bloomfield Hills, Michigan</i>	
Pronto File Corporation	91
<i>West, Weir & Bartel, Inc., New York</i>	
Republic Steel Corporation, Manufacturing Division	6
<i>Meldrum & Fewsmith, Inc., Cleveland</i>	
St. Paul Insurance Companies, The ...	11
<i>Campbell-Mithun, Inc., Minneapolis</i>	
Schenley Industries, Inc., I. W. Harper	4th cover
<i>The Kleppner Company, New York</i>	
SCM Corp., Office Equipment Div.	67
<i>Batten, Barton, Durstine & Osborn, Inc., New York</i>	
Superscope, Inc.	15
<i>Audio Advertising Associates, Sun Valley, Calif.</i>	
Wellington Sears Company	99
<i>Trahey Advertising, Inc., New York</i>	
Xerox Corporation	82, 83
<i>Papert, Koenig, Lois, Inc., New York</i>	

Regional Advertisements	
Coral Gables, City of, Community Development Department	96
<i>Samuel B. Crispin & Associates, Inc., Miami, Florida</i>	
Dade County Development Dept.	88
<i>Samuel B. Crispin & Associates, Inc., Miami, Florida</i>	
Kutztown Foundry & Machine Corp. ...	79
<i>Ritter-Berger, Inc., Allentown, Pa.</i>	
Nation's Business	79

NEW PRODUCTS

continued

proached perhaps by a series of smaller steps leading ultimately to the international patent.

MR. HOLST: Looking into the future, if it is agreed that the United States needs to generate new jobs at a rapid rate to provide employment for the expanding labor force, then it seems to me the nation looks to the patent system for major accomplishments.

What is needed is increased in-



vention, increased commercialization and greater use of patents. The patent system must provide swift and reliable protection to both inventor and investor. The Patent Office will be called on for better searching of prior disclosures, by computer where feasible, and faster issuance of patents.

For international business, also, improvements are needed in patent systems. The cost of obtaining and maintaining patents in many countries can be discouragingly burdensome to smaller businesses. International treaties or regional agreements could lead to patent protection covering many countries.

This is important if the U. S. is to expand its export trade, with resulting increase in job opportunities and helpful effect on our balance of payments.

END

REPRINTS of "What's Needed to Keep New Products Coming" may be obtained for 30 cents a copy, \$14.00 per 100 or \$120 per 1,000 postpaid from Nation's Business, 1615 H. St. N.W., Washington, D.C. 20006. Please enclose remittance.



***"He used to be one of our best customers—
I wish I could find out just what went wrong!"***

Suggestion: Take a new look at Long Distance!

Have you been losing good customers? Are you sure you know exactly why? Sometimes all it takes is a Long Distance call to find out just what went wrong.

With this effective, efficient, low-cost tool so near you, silence is expensive.

Find out the many other ways planned use of Long Distance can help you. Let our communications consultant discuss them with you. Just call your Bell Telephone Business Office.



Bell System

American Telephone and Telegraph and Associated Companies

Talk things over, get things done ... by Long Distance!



Some indigestible turkeys

In this season of bountiful meals, the most generous spread of all comes from Uncle Sam.

"Think of the government as a supermarket," Vice President Humphrey told a meeting of city officials recently. Other Washington officials compared the vast federal fare to a cafeteria line and a smörgasbord.

No wonder. One federal department alone presents 112 different tidbits in grants for states and localities. And Congress has cooked up brand new programs that eventually will cost more than \$100 billion a year.

The Vice President admits that even he can't detail all that's in the new legislation. But certainly it's the biggest helping of welfare-state goulash to be served yet.

Mr. Humphrey and other Washington chefs will be convening with city fathers around the country this winter, offering their wares.

But not everybody is a glutton in this well-fed land of ours.

There are still a lot of citizens who think that the bureaucrats' eyes are bigger than the people's wallets and that the country already has bitten off more than it can chew.

Nation's Business • December 1965

MORE THAN 750,000 SUBSCRIBERS IN BUSINESS AND INDUSTRY

Why does 'Jeep' 4-wheel drive make ordinary pick-ups incomplete?



Because the 'Jeep' Gladiator is the only truck that offers both 4-wheel drive and the smoothness of automatic transmission.

With 'Jeep' 4-wheel drive, you've got twice the traction. You'll handle work that would stop other trucks. Snow? Ice? Mud? Sand? Duck soup for the 'Jeep' Gladiator! Great for camping, too...the Gladiator takes any standard camper unit.

Choice of engines: New 'Vigilante' V-8 or Hi-Torque 6. Plus Turbo Hydra-Matic* automatic transmission, power steering, power brakes, other options...it handles like a passenger car! GVW's up to 8600 lbs. Get all the truck you need...in 'Jeep' Gladiator with 4-wheel drive. KAISER Jeep CORPORATION
TOLEDO 1, OHIO

**NOW! ALL THESE
SAFETY FEATURES
ARE STANDARD:**

- ☐ Seat belts
- ☐ High-impact windshield
- ☐ Outside rear-view mirror
- ☐ Dual brake system
- ☐ Padded dash
- ☐ Self adjusting brakes
- ☐ Padded visor
- ☐ 4-way warning flashers
- ☐ Windshield washers
- ☐ Dual-speed wipers

'Jeep' Gladiator

You've got to drive it to believe it! See your 'Jeep' dealer.



It's a long time between holidays...why not give the best!

This year's best is I.W. Harper Prized Kentucky Bottled in Bond, in classic Medalist Decanter and iridescent blue carton. Holiday Decanter and wrap, with our compliments.

I.W. HARPER
THE GOLD MEDAL KENTUCKY BOURBON *since 1872*



I. W. Harper Gold Medal Bourbon in Regency Gift Decanter and carton.